Kingland Group Holdings Limited
景聯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1751)

ANNOUNCEMENT OF ANNUAL RESULT FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Kingland Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 (the "Financial Year 2018"), together with the audited comparative figures for the year ended 31 December 2017 (the "Financial Year 2017"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **HK\$'000**	2017 HK\$'000
Revenue	3	**147,413**	186,168
Cost of sales		**(95,727)**	(130,665)
Gross profit		**51,686**	55,503
Other income and gains	3	**632**	67
Net impairment losses on financial assets and contract assets		**(207)**	–
Administrative and other operating expenses		**(28,370)**	(25,027)
Operating profit		**23,741**	30,543
Finance costs		**–**	(104)
Profit before income tax	4	**23,741**	30,439
Income tax expense	5	**(3,558)**	(5,416)
Profit and total comprehensive income for the year attributable to owners of the Company		**20,183**	25,023
Basic and diluted earnings per share (HK cents)	6	**3.00**	3.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**15,414**	15,020
Current assets			
Contract assets		**29,395**	–
Amounts due from customers for contract work		**–**	7,651
Trade and other receivables	7	**65,697**	65,101
Tax recoverable		**612**	–
Pledged bank deposit		**10,106**	10,014
Cash and cash equivalents		**26,464**	36,404
		132,274	119,170
Total assets		**147,688**	134,190
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	8	**6,720**	6,720
Reserves		**121,044**	104,561
Total equity		**127,764**	111,281
LIABILITIES			
Non-current liabilities			
Other non-current liabilities		**756**	721
Deferred taxation		**1,298**	1,620
		2,054	2,341

	Notes	**2018** HK$'000	2017 HK$'000
Current liabilities			
Trade and other payables	9	**17,353**	19,014
Amounts due to directors		**22**	22
Tax payable		**495**	1,532
		17,870	20,568
Total liabilities		**19,924**	22,909
Total equity and liabilities		**147,688**	134,190
Net current assets		**114,404**	98,602
Total assets less current liabilities		**129,818**	113,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Kingland Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 January 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 16 December 2016.

The Company's shares are currently listed on the Main Board of the Stock Exchange. Dealings in the shares on the Main Board commenced on 12 June 2018 pursuant to the approval granted by the Stock Exchange for the transfer of listing of the shares from the GEM to the Main Board of the Stock Exchange.

Pursuant to the special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 22 August 2018, the name of the Company has been changed from "Sing On Holdings Limited" to "Kingland Group Holdings Limited" and the change of the dual foreign name in Chinese of the Company from "成安控股有限公司" to "景聯集團控股有限公司". The certificate of incorporation on change of name of the Company was issued by the Registrar of Companies in the Cayman Islands on 28 August 2018 and the certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 14 September 2018.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Flat B, G/F., Fu Hop Factory Building, 209 and 211 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") is principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except otherwise indicated.

These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

2.2 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

HKFRS 15, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Revenue from provision of concrete demolition services which arise from contracts with customers

Information about the Group's performance obligations resulting from application of HKFRS 15 is disclosed in the consolidated financial statements.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Impact of HKFRS 15**	**Carrying amounts under HKFRS 15 at 1 January 2018***
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Contract assets	–	22,220	22,220
Amounts due from customers for contract work	7,651	(7,651)	–
Trade and other receivables	65,101	(18,264)	46,837
Current liabilities			
Tax payable	1,532	(609)	923
Capital and reserves			
Retained earnings	43,590	(3,086)	40,504

* The amounts in this column are before the adjustments from the application of HKFRS 9.

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised when a customer obtains control of goods or services. Determining the timing of the transfer of control over time requires judgement. Management assessed that revenue from provision of concrete demolition services is recognised over-time.

In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Under HKAS 11, contract costs are recognised as expenses by reference to the stage of completion, which is measured by reference to work performed to date as a percentage of total contract value. Under HKFRS 15, costs that related to satisfied performance obligations are expensed as incurred. In addition, at the date of initial application of HKFRS 15, retention receivables previously included in trade and other receivables are now included under contract assets. Accordingly, upon adoption of HKFRS 15, contract assets were increased by approximately HK$22,220,000, amounts due from customers for contract work, trade and other receivables and tax payable were decreased by approximately HK$7,651,000, HK$18,264,000 and HK$609,000 as at 1 January 2018, respectively, which resulted in a decrease in opening retained earnings at 1 January 2018 by approximately HK$3,086,000, after net of tax effect of approximately HK$609,000.

(iii) HKFRS 9 Financial Instruments – Impact of adoption

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and lease receivables and (3) general hedge accounting. The Group has applied HKFRS 9 in accordance with the transition provision set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39").

Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, the classification for all of the Group's financial assets and financial liabilities measured at amortised cost remain the same. The carrying amounts for all financial assets and financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate grouping based on same risk characteristics.

ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there have been no significant increase in credit risk since initial recognition.

As at 1 January 2018, additional credit loss allowance of approximately HK$732,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

All loss allowance as at 31 December 2017 reconciled to the opening loss allowances as at 1 January 2018 are as follows:

	Contract assets	**Trade and other receivables**
	HK$'000	*HK$'000*
At 31 December 2017 – HKAS 39	–	–
Amount remeasured through opening retained earnings	149	583
At 1 January 2018 – HKFRS 9	149	583

Summary of effects arising from initial application of HKFRS 9

The following table summarises the impacts of transition to HKFRS 9 on retained earnings at 1 January 2018.

	HK$'000
Retained earnings	
Recognition of impairment losses	(732)
Tax effect	118
Impact at 1 January 2018	(614)

(iv) ***Impacts on opening consolidated statement of financial position arising from the application of all new standards***

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 As originally presented	**HKFRS 15**	**HKFRS 9**	**1 January 2018 Restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Contract assets	–	22,220	(149)	22,071
Amounts due from customers for contract work	7,651	(7,651)	–	–
Trade and other receivables	65,101	(18,264)	(583)	46,254
Tax recoverable	–	–	8	8
Non-current liabilities				
Deferred taxation	1,620	–	(110)	1,510
Current liabilities				
Tax payable	1,532	(609)	–	923
Reserves				
Retained earnings	43,590	(3,086)	(614)	39,890

(v) New and amended standards and interpretations in issue but not yet effective and not been early adopted

A number of new and amended standards and interpretations have been published that are not mandatory for the year ended 31 December 2018 and have not been early adopted by the Group.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Venture[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective for the business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 January 2020.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements.

The total operating lease commitment of the Group as at 31 December 2018 amounted to approximately HK$3,380,000. Upon application of HKFRS 16, the Group will rcognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3 REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION

Revenue and other income and gains recognised during the year are as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Provision of concrete demolition services	**147,413**	186,168
Other income and gains		
Sundry income	**36**	14
Interest income	**206**	14
Gain on disposal of property, plant and equipment	**390**	39
	632	67

The chief operating decision-maker has been identified as the board of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

Geographical information

The Group primarily operates in Hong Kong and Macau, and its revenue is derived from the following regions:

	2018 HK$'000	2017 HK$'000
Revenue (by location of customers)		
– Hong Kong	**134,861**	184,489
– Macau	**12,552**	1,679
	147,413	186,168

All of the Group's non-current assets are located in Hong Kong for both years.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2018 HK$'000	2017 HK$'000
Customer A	**N/A**[1]	34,659
Customer B	**28,400**	48,800

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4 PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Included in cost of sales		
Depreciation of owned assets	**4,984**	2,156
Staff costs	**27,006**	35,920
Included in administrative and other operating expenses		
Auditors' remuneration	**720**	600
Depreciation of owned assets	**1,407**	2,107
Depreciation of assets under finance lease	**–**	173
Operating lease rented on premises	**4,122**	3,285
Staff costs, including directors' emoluments	**12,757**	12,026

5 INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
– Current year	**3,297**	4,387
– (Over)/under-provision in prior year	**(30)**	378
Macau		
– Current year	**503**	–
– Over-provision in prior year	**–**	(153)
	3,770	4,612
Deferred tax	**(212)**	804
Income tax expense	**3,558**	5,416

6 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	2018	2017
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**20,183**	25,023

Number of ordinary shares

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**672,000**	672,000

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the years ended 31 December 2018 and 2017.

7 TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**61,396**	40,094
Less: allowance for credit losses	**(659)**	–
	60,737	40,094
Retention receivables	**–**	18,264
Other receivables, deposits and prepayments	**5,075**	6,743
Less: allowance for credit losses	**(115)**	–
	4,960	25,007
	65,697	65,101

Notes:

(a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The Group generally allows a credit period of within 60 days. No interest is charged on overdue receivables.

(b) The ageing analysis of trade receivables, net of allowance for credit losses based on invoice date are as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**24,575**	13,776
31 – 60 days	**20,798**	8,207
61 – 90 days	**4,131**	8,990
91 – 365 days	**7,411**	8,496
Over 365 days	**3,822**	625
	60,737	40,094

8 SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 December 2017 and 2018	1,000,000,000	10,000
Issued and fully paid:		
As at 31 December 2017 and 2018	672,000,000	6,720

9 TRADE AND OTHER PAYABLES

	2018 ***HK$'000***	2017 *HK$'000*
Trade payables	**10,629**	11,514
Accruals and other payables	**6,724**	7,500
	17,353	19,014

The ageing analysis of trade payables based on the invoice date is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
0 – 30 days	**4,599**	4,737
31 – 60 days	**934**	2,821
61 – 90 days	**1,025**	771
Over 90 days	**4,071**	3,185
	10,629	11,514

Trade payables are non-interest bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's principal activity is the provision of concrete demolition service in Hong Kong and Macau mainly as a subcontractor. Our services are mainly required in the removal of pieces or sections of concrete from concrete structures and the demolition of the entire concrete structures or buildings by applying a variety of methods, such as core drilling, sawing and crushing. Our services are required in many different situations including, among others, addition and alteration works and redevelopment projects in buildings, roads, tunnels and underground facilities.

We have been operating in the concrete demolition industry in Hong Kong since 1985. We have also been providing concrete demolition services in Macau since 2006. We are a registered subcontractor for general demolition and others (concrete coring and saw cutting) works under the Subcontractor Registration Scheme of the Construction Industry Council and a Registered Minor Works Contractor at the Buildings Department.

In general, our customers are main contractors in various types of construction and civil engineering projects in Hong Kong and construction projects in Macau. We undertake jobs in both public and private sectors. Public sector jobs refer to jobs which the main contractors are employed by the Hong Kong Government, the Macau Government or their respective related organisations or corporations, while private sector jobs refer to jobs that are not public sector jobs.

Looking forward, the Directors consider that the future opportunities and challenges facing the Group will continue to be affected by the development of the policies of the Hong Kong Government as well as factors affecting the labour costs and material costs. According to the 2019-2020 Budget of the Hong Kong Government, the annual capital works expenditure is expected to rise to over HK$100 billion in the next few years. The amount was mainly derived from infrastructure investments especially for the construction of public and private housing, implementation of hospital development and redevelopment projects, development and expansion of new towns and new development areas, as well as construction of a third runway for the airport. The Directors believe that the availability of private and public sector construction projects is expected to grow in the coming years, and with our experienced management team and reputation in the market, we can further strengthen our position as an established concrete demolition service provider.

FINANCIAL REVIEW

During the Financial Year 2018, all of our Group's revenue was derived from concrete demolition business in Hong Kong and Macau. The Group's revenue for the Financial Year 2018 was approximately HK$147.4 million, representing a decrease of approximately 20.8% from approximately HK$186.2 million for the Financial Year 2017. Such decrease was mainly due to the completion of several large scale jobs during the Financial Year 2018 in which the largest job contributed approximately HK$30.5 million during the Financial Year 2017.

Our Group's gross profit decreased from approximately HK$55.5 million for the Financial Year 2017 to approximately HK$51.7 million for the Financial Year 2018, while the gross profit margin for our Group increased from approximately 29.8% for the Financial Year 2017 to approximately 35.1% for the Financial Year 2018. Such increase was mainly due to the decrease of machine rental cost, transportation cost and subcontracting charges as a result of the using of the newly purchased machines and vehicles.

Administrative and other operating expenses increased by HK$3.4 million (representing an increase of approximately 13.6%) to HK$28.4 million for the Financial Year 2018, compared with approximately HK$25.0 million for the Financial Year 2017, which mainly due to the non-recurring legal and other professional fees for the transfer of listing amounted to approximately HK$1.9 million and the increase in rental expense. Net profit decreased by HK$4.8 million to approximately HK$20.2 million in the Financial Year 2018 compared to HK$25.0 million in the Financial Year 2017 (representing a decrease of approximately 19.2%) as a result of the simultaneous occurrence of the factors in the Financial Year 2018 as discussed above. By excluding the aforementioned non-recurring legal and other professional fees, the Group's profits attributable to owners of the Company would be approximately HK$22.1 million for the Financial Year 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2018, the Group's current ratio was approximately 7.4 compared to approximately 5.8 as at 31 December 2017. The Group had total assets of approximately HK$147.7 million, which is financed by total liabilities and shareholders' equity of approximately HK$19.9 million and HK$127.8 million, respectively. As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$26.5 million (31 December 2017: approximately HK$36.4 million).

Gearing ratio

The gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the respective reporting date. As at 31 December 2018, the Group did not have any loans or borrowings (31 December 2017: Nil) and therefore no gearing ratio is present.

Capital Expenditure

During the Financial Year 2018, there was capital expenditure of approximately HK$6.8 million which was used in the purchase of property, plant and equipment, compared to HK$9.6 million for the Financial Year 2017.

Treasury Policy

The Group adopts a prudent approach in capital management towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital Structure

There has been no change in the capital structure of the Group during the Financial Year 2018. The share capital of the Group only comprises of ordinary shares. As at 31 December 2018, the Company's issued share capital was HK$6,720,000 and the number of its issued ordinary shares was 672,000,000 of HK$0.01 each.

Foreign Exchange Exposure

Since the Group generated most of the revenue and incurred most of the costs in Hong Kong dollars for the Financial Year 2018, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk.

PRINCIPAL RISKS AND UNCERTAINTIES

Availability of construction and civil engineering projects in Hong Kong and Macau

Our results of operations are affected by the number and availability of construction and civil engineering projects from the public and private sectors in Hong Kong and construction projects from the private sector in Macau, which in turn are affected by various factors, including but not limited to the general economic conditions in Hong Kong and Macau, changes in government policies relating to the Hong Kong and Macau property markets, the general conditions of the property markets in Hong Kong and Macau, and the amount of investment in the construction of new infrastructure and improvement of existing infrastructure.

In the event that the availability of concrete demolition jobs decreases as a result of the decrease in the number of private and/or public sector projects in Hong Kong and/or Macau, our businesses and results of operations may be adversely and materially affected.

Our business is subject to the risk of cost overrun and job extension or delay

In pricing a tender or quotation, we are required to estimate the job costs based on various factors such as (i) the estimated number and types of workers required; (ii) the estimated number and types of machineries required; and (iii) the need for subcontracting and machinery leasing. Any deviation between the estimated cost by the time we submit the tenders or quotations and the actual costs to complete the jobs may adversely affect our financial performance and profitability. For instance, if the actual progress of a project was slower than we anticipated, or if there is any delay or extension in the project schedule of main contractor, we may have to engage subcontractors and/or lease the required machineries for a longer period, and hence the amounts of subcontracting fees or machinery rental cost incurred may exceed our estimation. Further, in the case of job extension or delay, we may experience decrease in revenue derived given that the progress payment to us is based on works done by us on a monthly basis. There is no assurance that we would not experience cost overrun and job extension or delay, which may in turn adversely affect our profit margin and operating results.

Issue of labour shortage

The construction industry, including the concrete demolition industry in Hong Kong and Macau has been facing the issue of labour shortage. The growing demand for construction works exacerbated the shortage issue and has been pushing up the daily wage of worker in concrete demolition industry in Hong Kong and Macau.

If our Group is unable to recruit or retain sufficient workers or fails to effectively manage our staff costs as a result of shortage of local labour supply, our business operations and financial performance may be materially and adversely affected.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS AND EMPLOYEES

Customers

We have established long-term relationships with a number of our customers who are primarily main contractors in the construction industry. The Company is of the view that a good relationship with customers, concrete demolition contracting service providers have an advantage in gaining new and repeated business. Therefore, our Directors believe that main contractors generally give priority to subcontractors with whom they are familiar and who have a proven track record in providing quality concrete demolition works in a timely manner. We are of the view that our long-term relationships with a number of our customers are our competitive advantages that cannot be easily replicated by other concrete demolition works subcontractors, and have enabled and will continue to enable us to differentiate ourselves in the industry in Hong Kong and Macau.

Suppliers and Subcontractors

During the Financial Year 2018, our suppliers and subcontractors mainly consisted of lessors of machinery, suppliers of consumables and machinery parts, and transportation, courier service providers and subcontractors of concrete demolition works. We have established long-term relationships with a number of our suppliers. We believe our established relationships with these suppliers and subcontractors have been enabling us to take up jobs of various scale and service type and fulfill our customers' requirements. This could also ensure stable and timely delivery of materials or services from these suppliers, which in turn shall minimise potential disruption to our works.

Employees

Our Directors consider that we have maintained good relationship with our employees in general. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Financial Year 2018.

EMPLOYEES

The Group had 109 full-time employees as at 31 December 2018 (31 December 2017: 112 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$39.8 million for the Financial Year 2018 as compared to HK$47.9 million for the Financial Year 2017.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subjected to an annual review that are based on performance appraisals and other relevant factors. The Group strongly encourages internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited. Remuneration package is comprised of salary, a performance-based bonus, and other benefits including training and provident funds.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office and warehouse premises and the Director's quarter. The Group's operating lease commitments amounted to approximately HK$3.4 million as at 31 December 2018 (31 December 2017: approximately HK$4.4 million). As at 31 December 2018, the Group had no capital commitment (31 December 2017: approximately HK$2.8 million).

CONTINGENT LIABILITIES

As at 31 December 2018, there was no significant contingent liabilities for the Group (31 December 2017: Nil).

CHARGE OVER OUR GROUP'S ASSETS

A pledged deposit of HK$10.1 million has been reserved to satisfy our potential customers' requirement for performance bond.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Financial Year 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Financial Year 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 22 November 2016 with its written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and Appendix 14 (together the "CG Codes") of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Chow Chun To, Mr. Chan Ngai Sang Kenny and Mr. Yam Chiu Fan Joseph, all being independent non-executive Directors.

The Group's consolidated financial statements for the Financial Year 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Financial Year 2018 comply with applicable accounting standards, the GEM Listing Rules and the Listing Rules and that adequate disclosures have been made.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the CG Codes. In the opinion of the Board, the Company has complied with the CG Codes during the Financial Year 2018 except the following deviation:

Provision A.2.1 of the CG Codes stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung Shek On is the Chairman and the chief executive officer of our Company. In view that Mr. Cheung has been operating and managing our Group since our establishment, our Board believes that it is in the best interest of our Group to have Mr. Cheung taking up both roles for effective management and business development. In addition, major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management. The Board is therefore of the view that there are adequate safeguards in place to ensure the balance of power and authority within the Company.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Financial Year 2018.

NON-COMPETITION UNDERTAKING

In relation to the deed of non-competition dated 22 November 2016 (the "Deed of Non-Competition") given by Sino Continent Holdings Limited, Supreme Voyage Limited, Mr. Cheung Shek On and Mr. Chan Yuk Sing (each the "Covenantor") in favour of the Company and its subsidiaries, each of the Covenantor has made an annual declaration to the Company that during the Financial Year 2018, the Covenantor has complied with the terms of the Deed of Non-Competition given in favour of the Company including but not limited to:

(i) as long as the Deed of Non-Competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group), among other things, not to carry on or be engaged, concerned with or interested in or otherwise be involved in directly or indirectly, in any business in competition with or likely to be in competition with the then existing business activity of any member of the Group within Hong Kong, Macau and such other parts of the world where any member of the Group may operate from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates); and

(ii) he/it shall provide all information necessary for the annual review as is reasonably required by the Group, as a basis to decide whether to exercise the right of first refusal by the Company from time to time.

The independent non-executive Directors ("INEDs") have also reviewed the status of compliance by each of the Covenantors with the undertakings stipulated in the Deed of Non-Competition and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules and the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors (the "Code of Conduct") in respect of the shares of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Financial Year 2018.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the Directors of the Company are set out below:

Mr. Chan Ngai Sang Kenny resigned as an independent non-executive director of Combest Holdings Limited (stock code: 8190) in February 2018.

FINAL DIVIDENDS

The Board did not recommend payment of final dividend to shareholders of the Company for the Financial Year 2018.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.kinglandgroup.com.hk. The annual report of the Company for the Financial Year 2018 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Kingland Group Holdings Limited
CHEUNG Shek On
Chairman and Executive Director

Hong Kong, 29 March 2019

As at the date of this announcement, the executive directors are Mr. Cheung Shek On and Mr. Chan Yuk Sing; the non-executive director is Mr. Kuan Hong Kin Daniel and the independent non-executive directors are Mr. Chan Ngai Sang Kenny, Mr. Chow Chun To and Mr. Yam Chiu Fan Joseph.