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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHT

For the six months ended 30 June 2019, the operating results of the Group were as follows:

- Revenue amounted to approximately HK$50.4 million (2018: approximately HK$87.8 million), representing a decrease of approximately 42.6% from the corresponding period of last year;
- Net loss amounted to approximately HK$4.3 million (2018: net profit approximately HK$10.3 million), representing a decrease of approximately 141.7% from the corresponding period of last year;
- Basic and diluted loss per share based on weighted average number of ordinary shares was approximately HK$0.64 cents (2018: basic and diluted earnings per share approximately HK$1.53 cents);
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Kingland Group Holdings Limited ("**the Company**", together with subsidiaries of the Company, the "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 (the "**Reporting Period**"), together with the unaudited comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**50,435**	87,793
Cost of sales		**(38,744)**	(60,656)
Gross profit		**11,691**	27,137
Other income and net gains	4	**141**	81
Net impairment losses on financial assets and contract assets		**(219)**	–
Administrative and other operating expenses		**(14,935)**	(14,864)
Operating (loss)/profit		**(3,322)**	12,354
Finance costs		**(85)**	–
(Loss)/profit before income tax		**(3,407)**	12,354
Income tax expense	6	**(907)**	(2,065)
(Loss)/profit and total comprehensive (loss)/income for the period		**(4,314)**	10,289
Basic and diluted (loss)/earnings per share *(HK cents)*	8	**(0.64)**	1.53

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**30 June 2019** *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**19,476**	15,414
Right-of-use assets		**1,792**	–
		21,268	15,414
Current assets			
Contract assets		**28,040**	29,395
Trade and other receivables	9	**60,101**	65,697
Tax recoverable		**1,667**	612
Pledged bank deposit		**10,151**	10,106
Cash and bank balances		**29,301**	26,464
		129,260	132,274
Total assets		**150,528**	147,688
EQUITY			
Capital and reserves			
Share capital		**6,720**	6,720
Reserves		**116,730**	121,044
Total equity		**123,450**	127,764
LIABILITIES			
Non-current liabilities			
Borrowings		**6,407**	–
Lease liabilities		**43**	–
Other non-current liabilities		**786**	756
Deferred taxation		**1,757**	1,298
		8,993	2,054

	Notes	**30 June 2019**	31 December 2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	10	**13,883**	17,353
Amounts due to directors		**22**	22
Borrowings		**1,473**	–
Lease liabilities		**1,764**	–
Tax payable		**943**	495
		18,085	17,870
Total liabilities		**27,078**	19,924
Total equity and liabilities		**150,528**	147,688
Net current assets		**111,175**	114,404
Total assets less current liabilities		**132,443**	129,818

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1 GENERAL INFORMATION

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.

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 Group is principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited condensed consolidated financial statements should be read in conjunction with the Group's audited consolidated annual financial statements for the year ended 31 December 2018 (the "Annual Financial Statements").

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have not been audited by the Company's independent auditors, but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are presented in Hong Kong dollars ("HK$"), which is the same functional currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those described in the Annual Financial Statements, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). Amendments to HKFRSs effective for accounting period beginning on or after 1 January 2019 do not have a material impact on the Group.

Changes in Accounting Policies and Disclosures

HKFRS 16 Leases

Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the date of initial application of HKFRS 16. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(b) Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected 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 standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$1,925,000 and right-of-use assets of approximately HK$1,925,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.0%.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	3,380
Lease liabilities discounted at relevant incremental borrowing rates	3,262
Less: Recognition exemption – short-term leases	1,337
Lease liabilities as at 1 January 2019	1,925
Analysed as	
Current	1,616
Non-current	309
	1,925

The carrying amount of right-of-use assets as at 1 January 2019 comprises the followings:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	1,925
By class:	
Properties	1,925

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	Adjustments *HK$'000*	**Carrying amounts under HKFRS 16 as 1 January 2019** ***HK$'000***
Non-current assets			
Right-of-use assets	–	1,925	**1,925**
Current liabilities			
Lease liabilities	–	1,616	**1,616**
Non-current liabilities			
Lease liabilities	–	309	**309**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

4 REVENUE

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Provision of concrete demolition services	**50,435**	87,793
Other income and net gains		
Sundry income	**59**	55
Interest income	**82**	26
	141	81

The chief operating decision-maker has been identified as the board of the Company. The Board regards the Group's business as a single operating segment and reviews the consolidated financial statements accordingly.

Geographical information

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue (by location of customers)		
– Hong Kong	**36,408**	87,201
– Macau	**14,027**	592
	50,435	87,793

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

5 OPERATING PROFIT

An analysis of the amounts presented as operating items charged in the financial information is given below:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff cost, including directors' remuneration	**24,292**	19,394
Depreciation of owned assets	**3,464**	3,059
Depreciation of right-of-use assets	**1,652**	–

6 INCOME TAX EXPENSE

One of the subsidiaries of the Company is subject to Hong Kong profits tax at the rate of 8.25% for the first HK$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the six months ended 30 June 2019 (2018: 16.5%).

Macau Complementary Tax is levied at a fixed rate of 12% on the taxable income above MOP600,000 for the six months ended 30 June 2019 and 2018.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong	**–**	2,153
– Macau	**448**	–
Deferred tax	**459**	(88)
Income tax expense	**907**	2,065

7 DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2019 (2018: Nil).

8 (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company *(HK$'000)*	**(4,314)**	10,289
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(in thousand)*	**672,000**	672,000
Basic (loss)/earnings per share *(HK cents)*	**(0.64)**	1.53

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary share in issue during the six months ended 30 June 2019 (2018: Nil).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**52,167**	61,396
Less: allowance for credit losses	**(885)**	(659)
	51,282	60,737
Other receivables, deposits and prepayments	**8,934**	5,075
Less: allowance for credit losses	**(115)**	(115)
	60,101	65,697

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 the trade receivables, net of allowance for credit losses based on invoice date is as follows:

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**19,734**	24,575
31 – 60 days	**7,155**	20,798
61 – 90 days	**6,023**	4,131
91 – 365 days	**13,671**	7,411
Over 365 days	**4,699**	3,822
	51,282	60,737

10 TRADE AND OTHER PAYABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**7,639**	10,629
Accruals and other payables	**6,244**	6,724
	13,883	17,353

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

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**3,433**	4,599
31 – 60 days	**215**	934
61 – 90 days	**655**	1,025
Over 90 days	**3,336**	4,071
	7,639	10,629

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 Reporting Period, all of our Group's revenue was derived from concrete demolition business in Hong Kong and Macau. The Group's revenue for the Reporting Period was approximately HK$50.4 million, representing a decrease of approximately 42.6% from approximately HK$87.8 million for the six months ended 30 June 2018. Such decrease was mainly due to the relatively smaller scale of jobs undertaken during the Reporting Period as compared to the corresponding period in 2018.

Our Group's gross profit decreased from approximately HK$27.1 million for the six months ended 30 June 2018 to approximately HK$11.7 million for the Reporting Period, and the gross profit margin for our Group decreased from approximately 30.9% for the six months ended 30 June 2018 to approximately 23.2% for the Reporting Period. Such decrease was mainly due to the increase in direct staff cost.

Administrative expenses for the Reporting Period was approximately HK$14.9 million, which remained the same as the six months ended 30 June 2018. Net profit decreased by approximately HK$14.6 million to approximately HK$4.3 million net loss in the Reporting Period compared to approximately HK$10.3 million net profit in the six months ended 30 June 2018 (representing a decrease of approximately 141.7%). The decrease in net profit was due to the combined effect of the decrease in revenue and gross profit margin which caused by the reasons mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's current ratio was approximately 7.1 (31 December 2018: approximately 7.4). The Group had total assets of approximately HK$150.5 million, which is financed by total liabilities and shareholders' equity of approximately HK$27.1 million and HK$123.5 million, respectively. As at 30 June 2019, the Group had cash and cash equivalents of approximately HK$29.3 million (31 December 2018: approximately HK$26.5 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 30 June 2019, the Group recorded gearing ratio of approximately 6.4% (31 December 2018: Nil).

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 Reporting Period. The share capital of the Group only comprises of ordinary shares. As at 30 June 2019, 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.

CAPITAL COMMITMENTS

As at 30 June 2019, there were no significant capital commitments for the Group (31 December 2018: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED 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 Reporting Period.

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 30 June 2019.

FOREIGN EXCHANGE EXPOSURE

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

CHARGE OVER THE GROUP'S ASSETS

A pledged deposit of HK$10.2 million has been reserved to satisfy our potential customers' requirement for performance bond.

CONTINGENT LIABILITIES

As at 30 June 2019, there was no significant contingent liabilities for the Group (31 December 2018: Nil).

EMPLOYEES AND EMOLUMENT POLICIES

The Group had over 106 full-time employees as at 30 June 2019 (31 December 2018: 109 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$24.3 million for the Reporting Period as compared to HK$19.4 million for the six months ended 30 June 2018.

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.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interest and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in ordinary shares of the Company

Name of director	Nature of interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Cheung Shek On	Interest in a controlled corporation *(Note 1)*	189,000,000	28.125%
Mr. Chan Yuk Sing	Interest in a controlled corporation *(Note 2)*	189,000,000	28.125%

Notes:

1. Mr. Cheung Shek On ("**Mr. Cheung**") beneficially owns 100% of the issued share capital of Sino Continent Holdings Limited ("**Sino Continent**") which in turn owns 189,000,000 ordinary shares of the Company. By virtue of the SFO, Mr. Cheung is deemed to be interested in the same number of the shares held by Sino Continent.

2. Mr. Chan Yuk Sing ("**Mr. Chan**") beneficially owns 100% of the issued share capital of Supreme Voyage Limited ("**Supreme Voyage**") which in turn owns 189,000,000 ordinary shares of the Company. By virtue of the SFO, Mr. Chan is deemed to be interested in the same number of the shares held by Supreme Voyage.

(ii) Short positions in ordinary shares of the Company

Save as disclosed above, as at 30 June 2019, there is no interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2019, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

(i) Long positions in ordinary shares of the Company:

Name of shareholder	Nature of interest	Number of shares held/ interested in	Long/short position	Percentage of total issued share capital of the Company
Sino Continent	Beneficial owner	189,000,000	Long	28.125%
Supreme Voyage	Beneficial owner	189,000,000	Long	28.125%
Applewood Developments Limited	Beneficial owner	126,000,000	Long	18.75%
Ms. Luk Pui Kei Peggy *(Note 1)*	Interest of spouse	189,000,000	Long	28.125%
Ms. Cho Bik Nung *(Note 2)*	Interest of spouse	189,000,000	Long	28.125%
Mr. Kwok Shun Tim	Interest in a controlled corporation *(Note 3)*	126,000,000	Long	18.75%
Ms. Yip Nga Wan *(Note 4)*	Interest of spouse	126,000,000	Long	18.75%

Notes:

1. Ms. Luk Pui Kei Peggy, the spouse of Mr. Cheung, is deemed under the SFO to be interested in all the shares in which Mr. Cheung is deemed to be interested.

2. Ms. Cho Bik Nung, the spouse of Mr. Chan, is deemed under the SFO to be interested in all the shares in which Mr. Chan is deemed to be interested.

3. Mr. Kwok Shun Tim ("**Mr. Kwok**") beneficially owns 100% of the issued share capital of Applewood Developments Limited ("**Applewood Developments**"). By virtue of the SFO, Mr. Kwok is deemed to be interested in the same number of the shares held by Applewood Developments.

4. Ms. Yip Nga Wan, the spouse of Mr. Kwok, is deemed under the SFO to be interested in all the shares in which Mr. Kwok is deemed to be interested.

(ii) Short positions in shares of the Company:

Save as disclosed above, as at 30 June 2019, the Directors are not aware of any other persons/entities who had, or were deemed or taken to have any interests or short position in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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 Reporting Period.

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 during the Reporting Period.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the Reporting Period except the following deviation:

Provision A.2.1 of the CG Code 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in 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 Reporting Period.

INTERIM DIVIDENDS

The Board did not recommend payment of interim dividend to shareholders of the Company for the Reporting Period.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 22 November 2016 (the "**Share Option Scheme**") in accordance with the requirements under Chapter 17 of the Listing Rules.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2019.

CHANGE OF INFORMATION OF DIRECTOR

Mr. Chow Chun To has resigned as an independent non-executive director of AV Promotions Holdings Limited (stock code: 8419) in July 2019.

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 paragraphs C3.3 and C3.7 of the CG Code. 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 unaudited condensed consolidated financial statements for the Reporting Period have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the Reporting Period comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

By order of the Board
Kingland Group Holdings Limited
Cheung Shek On
Chairman

Hong Kong, 23 August 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.