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## **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 2020**

### **FINANCIAL HIGHLIGHT**

For the six months ended 30 June 2020, the operating results of the Group were as follows:

- Revenue amounted to approximately HK\$53.6 million (2019: approximately HK\$50.4 million), representing an increase of approximately 6.3% from the corresponding period of last year;
- Net loss amounted to approximately HK\$18.8 million (2019: approximately HK\$4.3 million), representing an increase of approximately 337.2% from the corresponding period of last year;
- Basic and diluted loss per share based on weighted average number of ordinary shares was approximately HK2.80 cents (2019: approximately HK0.64 cents);
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: 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 2020 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	53,649	50,435
Cost of sales		<u>(54,678)</u>	<u>(38,744)</u>
Gross (loss)/profit		(1,029)	11,691
Other income and net gains	4	449	141
Reversal of impairment losses/(impairment losses) on financial assets and contract assets		280	(219)
Administrative and other operating expenses		<u>(18,076)</u>	<u>(14,935)</u>
Operating loss		(18,376)	(3,322)
Finance costs		<u>(436)</u>	<u>(85)</u>
Loss before income tax	5	(18,812)	(3,407)
Income tax expense	6	<u>–</u>	<u>(907)</u>
Loss and total comprehensive expenses for the period		<u><u>(18,812)</u></u>	<u><u>(4,314)</u></u>
Basic and diluted loss per share (HK cents)	8	<u><u>(2.80)</u></u>	<u><u>(0.64)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		15,334	18,729
Right-of-use assets		7,254	4,333
		<u>22,588</u>	<u>23,062</u>
<b>Current assets</b>			
Contract assets		28,915	43,153
Trade and other receivables	9	47,781	41,277
Tax recoverable		1,667	1,667
Pledged bank deposit		10,367	10,284
Cash and bank balances		9,838	17,895
		<u>98,568</u>	<u>114,276</u>
<b>Total assets</b>		<u><b>121,156</b></u>	<u><b>137,338</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		6,720	6,720
Reserves		77,575	96,387
<b>Total equity</b>		<u><b>84,295</b></u>	<u>103,107</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		1,478	1,780
Other non-current liabilities		846	856
Lease liabilities		3,565	1,829
Government grants		320	400
		<u>6,209</u>	<u>4,865</u>

		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Borrowings		<b>6,994</b>	7,727
Trade and other payables	10	<b>17,671</b>	16,862
Lease liabilities		<b>4,151</b>	3,681
Government grants		<b>196</b>	160
Amounts due to directors		<b>726</b>	22
Tax payable		<b>914</b>	914
		<u><b>30,652</b></u>	<u>29,366</u>
<b>Total liabilities</b>		<u><b>36,861</b></u>	<u>34,231</u>
<b>Total equity and liabilities</b>		<u><b>121,156</b></u>	<u>137,338</u>
<b>Net current assets</b>		<u><b>67,916</b></u>	<u>84,910</u>
<b>Total assets less current liabilities</b>		<u><b>90,504</b></u>	<u>107,972</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

## 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 (the "**Share(s)**") 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 2020 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 2019 (the "**Annual Financial Statements**").

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 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 2020 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 2020 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 2020 do not have a material impact on the Group.

#### 4 REVENUE

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Revenue</b>		
Provision of concrete demolition services	<u>53,649</u>	<u>50,435</u>
<b>Other income and net gains</b>		
Sundry income	285	59
Interest income	154	82
Gain on disposal of property, plant and equipment	<u>10</u>	<u>–</u>
	<u>449</u>	<u>141</u>

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Revenue (by location of customers)</b>		
– Hong Kong	45,484	36,408
– Macau	<u>8,165</u>	<u>14,027</u>
	<u>53,649</u>	<u>50,435</u>

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

## 5 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff cost, including directors' remuneration	36,139	24,292
Depreciation of property, plant and equipment	5,439	3,464
Depreciation of right-of-use assets	2,613	1,652
	<u>44,191</u>	<u>29,408</u>

## 6 INCOME TAX EXPENSE

Hong Kong profits tax of the qualifying group entity is calculated 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 2020 (2019: 16.5%).

Macau Complementary Tax is levied at a fixed rate of 12% on the taxable income above MOP 600,000 for the six months ended 30 June 2020 and 2019.

No Hong Kong profits tax has been provided as the Group had no assessable profits in Hong Kong for both periods. There are also no tax liabilities in other jurisdictions for the six months ended 30 June 2020.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
– Hong Kong	–	–
– Macau	–	448
<b>Deferred tax</b>	–	459
	<u>–</u>	<u>459</u>
<b>Income tax expense</b>	<u>–</u>	<u>907</u>

## 7 DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2020 (2019: Nil).

## 8 LOSS PER SHARE

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	(18,812)	(4,314)
Weighted average number of ordinary shares for the purpose of calculating loss per share ( <i>in thousand</i> )	672,000	672,000
Basic loss per share ( <i>HK cents</i> )	<u>(2.80)</u>	<u>(0.64)</u>

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 2020 (2019: Nil).

## 9 TRADE AND OTHER RECEIVABLES

	At 30 June 2020 <i>HK\$'000</i> (Unaudited)	At 31 December 2019 <i>HK\$'000</i> (Audited)
	Trade receivables	38,488
Less: allowance for credit losses	<u>(3,505)</u>	<u>(3,838)</u>
	<u>34,983</u>	<u>37,772</u>
Other receivables, deposits and prepayments	<u>12,798</u>	<u>3,505</u>
	<u>47,781</u>	<u>41,277</u>

*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:

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
0 – 30 days	16,108	17,142
31 – 60 days	1,690	2,241
61 – 90 days	248	1,180
91 – 365 days	11,858	11,144
Over 365 days	5,079	6,065
	<u>34,983</u>	<u>37,772</u>

## 10 TRADE AND OTHER PAYABLES

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
Trade payables	8,406	9,361
Accruals and other payables	9,265	7,501
	<u>17,671</u>	<u>16,862</u>

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

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
0 – 30 days	3,004	5,083
31 – 60 days	1,187	777
61 – 90 days	1,626	681
Over 90 days	2,589	2,820
	<u>8,406</u>	<u>9,361</u>

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 anticipate the second half of 2020 will remain challenging. In July 2020, another wave of novel coronavirus (COVID-19) infections has been spreading fast and wide in the community. The Directors expect the adverse effect of the COVID-19 pandemic will continue to impact our Group's performance in the second half of 2020. Our Group will strive our best to seek opportunity to undertake more sizeable projects and to strengthen cost control measure in order to generate more revenue and to reduce cost.

## FINANCIAL REVIEW

During the Reporting Period, all of the 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\$53.6 million, representing a stable growth of approximately 6.3% from approximately HK\$50.4 million for the six months ended 30 June 2019.

The Group recorded a gross loss of approximately HK\$1.0 million in the Reporting Period compared to the gross profit of HK\$11.7 million for the six months ended 30 June 2019. The Group recorded a gross loss margin of 1.9% for the Reporting Period compared to the gross profit margin of 23.2% for the six months ended 30 June 2019. Such loss was mainly due to the following factors: (i) the decrease in the number of sizeable projects undertaken by the Group and delay in certain projects as a result of the COVID-19 pandemic during the Reporting Period; (ii) the increase in overhead cost (including depreciation expenses and staff costs) due to the Group's acquisition of additional machinery and recruitment of additional staff in late 2019 and early 2020 as well as increment in staff salaries and wages; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the keen market competition and the adverse effect of the COVID-19 pandemic during the Reporting Period.

Administrative and other operating expenses increased by approximately HK\$3.2 million (representing an increase of approximately 21.5%) to approximately HK\$18.1 million for the Reporting Period, compared with approximately HK\$14.9 million for the six months ended 30 June 2019, which mainly due to the increase in indirect staff cost and depreciation expenses.

The Group had recognised approximately HK\$0.3 million reversal of impairment losses on financial assets and contract assets for the Reporting Period (six months ended 30 June 2019: approximately HK\$0.2 million impairment losses).

Net loss increased by approximately HK\$14.5 million to approximately HK\$18.8 million in the Reporting Period compared to approximately HK\$4.3 million in the six months ended 30 June 2019 (representing an increase of approximately 337.2%). The increase in net loss was due to the combined effect of the decrease in gross profit margin and the increase in administrative and other operating expenses which caused by the reasons mentioned above.

## LIQUIDITY, FINANCIAL RESOURCES

As at 30 June 2020, the Group's current ratio was approximately 3.2 (31 December 2019: approximately 3.9). The Group had total assets of approximately HK\$121.2 million, which is financed by total liabilities and shareholders' equity of approximately HK\$36.9 million and HK\$84.3 million, respectively. As at 30 June 2020, the Group had cash and bank balances of approximately HK\$9.8 million (31 December 2019: approximately HK\$17.9 million). As at 30 June 2020, the Group had interest-bearing debts of approximately HK\$16.2 million, which included bank and other borrowings and lease liabilities (31 December 2019: approximately HK\$15.0 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 2020, the Group recorded gearing ratio of approximately 19.2% (31 December 2019: 14.6%).

## **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 2020, 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 2020, there were no significant capital commitments for the Group (31 December 2019: approximately HK\$3.8 million).

## **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 2020.

## **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 approximately HK\$10.4 million has been pledged to banks to secure banking facilities.

As at 30 June 2020, certain of the Group's right-of-use assets with an aggregate carrying amount of approximately HK\$5.7 million (31 December 2019: approximately HK\$0.9 million) was used to secure certain of the lease liabilities of approximately HK\$4.9 million (31 December 2019: approximately HK\$1.0 million). Certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately HK\$1.7 million (31 December 2019: approximately HK\$2.0 million) was used to secure other loan of approximately HK\$2.1 million (31 December 2019: approximately HK\$2.4 million).

## **CONTINGENT LIABILITIES**

As at 30 June 2020, there was no significant contingent liabilities for the Group (31 December 2019: Nil).

## **EMPLOYEES AND EMOLUMENT POLICIES**

The Group had over 205 full-time employees as at 30 June 2020 (31 December 2019: 160 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$36.1 million for the Reporting Period as compared to HK\$24.3 million for the six months ended 30 June 2019.

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, 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 2020, 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 ( <i>Note 1</i> )	189,000,000	28.125%
Mr. Chan Yuk Sing	Interest in a controlled corporation ( <i>Note 2</i> )	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 2020, 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 2020, other than the Director 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:

- 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.
- 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.
- 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.
- 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 2020, 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 the share option scheme on 22 November 2016 (the “**Share Option Scheme**”). The principal terms of the Share Option Scheme is summarised in Appendix IV to the prospectus of the Company dated 29 November 2016 and are 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 2020.

## 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 Kwok Wing Kelvin and Mr. Tam Tak Kei Raymond, 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, 18 August 2020

*As at the date of this announcement, the executive directors are Mr. Cheung Shek On, Mr. Chan Yuk Sing and Mr. Chen Yeung Tak; and the independent non-executive directors are Mr. Chow Chun To, Mr. Chan Kwok Wing Kelvin and Mr. Tam Tak Kei Raymond.*