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## **Superland Group Holdings Limited**

### **德合集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 368)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Superland Group Holdings Limited (the “**Company**”) is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the corresponding year ended 31 December 2019, as follows:

### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	7	<b>680,212</b>	879,401
Cost of services		<b>(587,015)</b>	(759,675)
<b>Gross profit</b>		<b>93,197</b>	119,726
Other income	8	<b>15,797</b>	–
Other gains, net		<b>460</b>	452
Administrative expenses		<b>(68,792)</b>	(54,335)
Listing expenses		<b>(6,888)</b>	(9,016)
Reversal of impairment loss/(impairment loss) on trade receivables and contract assets		<b>142</b>	(950)
<b>Profit before finance income and costs and income tax expense</b>		<b>33,916</b>	55,877
Finance income		<b>1,130</b>	2,110
Finance costs		<b>(14,647)</b>	(16,171)
<b>Profit before income tax</b>	9	<b>20,399</b>	41,816
Income tax expense	10	<b>(2,350)</b>	(8,141)
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<b>18,049</b>	33,675
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted (expressed in HK cents per share)	11	<b>2.61</b>	5.61

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>6,596</b>	10,836
Right-of-use assets		<b>2,278</b>	8,569
Investments in insurance contracts		<b>15,261</b>	14,792
Other receivables, deposits and prepayments		<b>29,480</b>	18,003
Deferred income tax assets		<b>808</b>	631
		<u><b>54,423</b></u>	<u>52,831</u>
<b>Current assets</b>			
Trade receivables	13	<b>70,619</b>	131,057
Other receivables, deposits and prepayments		<b>22,001</b>	34,334
Contract assets		<b>309,702</b>	164,193
Amount due from a Director of the Company	14	–	81,791
Amount due from Success Base Group			
Holding Limited	15	–	28,812
Amounts due from related companies	15	–	203,465
Pledged time deposits		<b>3,127</b>	3,100
Cash and cash equivalents		<b>54,128</b>	10,847
		<u><b>459,577</b></u>	<u>657,599</u>
<b>Total assets</b>		<u><b>514,000</b></u>	<u>710,430</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>8,000</b>	–
Reserves		<b>88,506</b>	2,500
Retained earnings		<b>41,286</b>	153,237
		<u><b>137,792</b></u>	<u>155,737</u>
<b>Total equity</b>		<u><b>137,792</b></u>	<u>155,737</u>

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Lease liabilities		<b>1,188</b>	4,612
<b>Current liabilities</b>			
Trade payables	<i>16</i>	<b>68,984</b>	71,016
Accruals, retention payables and other liabilities		<b>57,950</b>	55,741
Lease liabilities		<b>1,182</b>	4,253
Contract liabilities		<b>11,370</b>	27,675
Borrowings		<b>232,906</b>	381,507
Current income tax payable		<b>2,628</b>	9,889
		<b>375,020</b>	550,081
<b>Total liabilities</b>		<b>376,208</b>	554,693
<b>Total equity and liabilities</b>		<b>514,000</b>	710,430

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 July 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Flat A&B, 3/F, Yin Da Commercial Building, 181 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Group provides fitting-out services and repair and maintenance services to residential and commercial properties in Hong Kong (the “**Listing Business**”). The parent company of the Company is Fate Investment Company Limited. The controlling shareholder of the Company is Ng Chi Chiu (“**Mr. Ng**”).

The Company listed its shares on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 July 2020 (the “**Listing Date**”).

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated.

### 2. REORGANISATION

Prior to the Reorganisation (as defined below), the Listing Business was primarily operated by Success Base Engineering Limited (“**Success Base Engineering**” or “**Operating Subsidiary**”).

In preparation for the initial public offering (“**IPO**”) and listing (the “**Listing**”) of the Company’s shares on the Main Board of the Stock Exchange, a group reorganisation (the “**Reorganisation**”) was undertaken pursuant to which the Operating Subsidiary engaged in the Listing Business was transferred to the Company. The Reorganisation involved the followings steps:

- (1) On 10 July 2019, Fate Investment Company Limited (“**Fate Investment**”) was incorporated in the British Virgin Islands. One fully paid ordinary share of Fate Investment, representing the entire issued share of Fate Investment, was allotted and issued to Mr. Ng on 10 July 2019.
- (2) On 11 July 2019, the Company was incorporated in the Cayman Islands. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of par value HK\$0.01 each. Upon incorporation of the Company, one ordinary share was allotted and issued as fully paid at par value to an initial subscriber, being an independent third party. On the same day, such share was transferred to Fate Investment, and a further of 99 ordinary shares were allotted and issued as fully paid at par value to Fate Investment. Accordingly, the Company became a direct wholly owned subsidiary of Fate Investment.
- (3) On 12 July 2019, Team World Company Limited (“**Team World**”) was incorporated under the laws of BVI with limited liability and is authorised to issue a maximum of 50,000 shares with no par value. One fully paid share of Team World, representing the entire issued share of Team World, was allotted and issued to the Company on 12 July 2019. Accordingly, Team World became a direct wholly owned subsidiary of the Company.
- (4) On 9 December 2019, Mr. Ng entered into a sales and purchase agreement with Success Base Group Holding Limited, Team World, and the Company, pursuant to which each of Mr. Ng and Success Base Group Holding Limited agreed to transfer his/its 1,000 shares and 2,499,000 shares in Success Base Engineering (together representing the entire issued share capital in Success Base Engineering) to Team World, in consideration of the Company allotting and issuing 10,000 shares to Fate Investment.

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

### 3. BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the Listing Business is mainly conducted through the Operating Subsidiary. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company and the newly incorporated subsidiaries have not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in the controlling shareholders and management.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business conducted through the Operating Subsidiary and the consolidated financial statements of the Group have been prepared and presented as a continuation of the consolidated financial statements of the Operating Subsidiary, with the results, assets and liabilities recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements for all periods presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies now comprising the Group are eliminated on combination.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 5. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention except for investments in key management insurance contracts which are measured at cash surrender value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

### 6(a). AMENDED STANDARDS AND REVISED CONCEPTUAL FRAMEWORK ADOPTED BY THE GROUP

The Group has applied the following amended standards and revised conceptual framework for the first time for their annual reporting period commencing 1 January 2020:

<b>Standards</b>	<b>Subject of amendment</b>
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform

The management assessed that the amended standards and revised conceptual framework listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 6(b). NEW AND AMENDED STANDARDS AND INTERPRETATION NOT YET ADOPTED BY THE GROUP

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group.

Standards	Subject of amendment	Effective for accounting year beginning on or after
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions	1 January 2021
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Annual improvements project	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments	1 January 2022
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the new and amended standards and interpretation when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and interpretation, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

## 7. REVENUE AND SEGMENT INFORMATION

The chairman is identified as the chief operating decision maker (“CODM”) of the Group who reviews the Group’s internal reporting in order to assess performance and allocate resources.

As substantial business operations of the Group relate to provision of fitting-out and repair and maintenance services, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide consolidated financial information. Accordingly, there is only one single operating segment for the Group qualified as reportable segment under HKFRS 8. No separate segmental analysis is presented in this announcement.

### (a) Disaggregation of revenue

	2020 HK\$'000	2019 HK\$'000
Fitting-out services	675,990	874,477
Repair and maintenance services	4,222	4,924
	<u>680,212</u>	<u>879,401</u>

The Group’s revenue is recognised over time for the year ended 31 December 2020 (2019: same).

**(b) Geographical information**

All the revenue and assets are based in the Hong Kong for the year ended 31 December 2020 (2019: same).

**(c) Revenue from major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each of the financial years is set out below:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	<b>82,318</b>	400,170
Customer B	N/A*	147,100
Customer C	N/A*	91,090
Customer D	<b>246,401</b>	N/A*
Customer E	<b>106,246</b>	N/A*
Customer F	<b>71,526</b>	N/A*

\* Represent less than 10% of revenue for the respective year.

**8. OTHER INCOME**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Other income</b>		
Employment Support Scheme ( <i>Note a</i> )	<b>12,897</b>	–
Construction Industry Council's Employment Support Scheme ( <i>Note b</i> )	<b>2,820</b>	–
Others	<b>80</b>	–
	<b>15,797</b>	–

*Notes:*

- (a) Amount represents wage subsidy granted from the Employment Support Scheme under the Anti-Epidemic Fund. Subsidies are offered to employers who have employed regular employees and paid Mandatory Provident Fund for them.
- (b) Amount represents wage subsidy granted from the Employment Support Scheme for the Construction Sector. Subsidies are offered to construction sector employers who have employed casual employees on a long-term basis.

The Group has fulfilled all attached conditions of the above grants as at the end of each of the reporting periods. The Group has recognised the grants on systematic basis and the unearned portion was recognised as deferred government grants.

## 9. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is stated after charging/(crediting) the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sub-contracting fees	303,900	450,109
Materials costs	211,935	242,719
Consultation services	5,015	5,986
Depreciation on plant and equipment	2,473	2,901
Depreciation on right-of-use assets	1,901	1,976
Employee benefit expenses (including Directors' emoluments)	99,302	88,782
Short-term lease expenses	613	621
Write off of plant and equipment	1,107	–
Gain on disposal on a right-of-use asset	(74)	–
	<u>          </u>	<u>          </u>

## 10. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax expense		
— Hong Kong profits tax	2,689	8,791
Over-provision in prior year	(162)	–
Deferred income tax	(177)	(650)
	<u>          </u>	<u>          </u>
Income tax expense	<u>2,350</u>	<u>8,141</u>

In accordance with the two-tiered profits tax regime, Hong Kong profits tax was calculated at 8.25% on the first HK\$2 million and 16.5% on the remaining balance of the estimated assessable profits for the year ended 31 December 2020 (2019: same).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods. In determining the weighted average number of ordinary shares, 600,000,000 shares of the Company, which resulted from the issue and allotment of shares by the Company in connection with the Reorganisation, had been treated as if such shares were issued on 1 January 2019.

	2020	2019
Profit attributable to owners of the Company (HK\$)	18,049,000	33,675,000
Weighted average number of ordinary shares in issue	691,803,279	600,000,000
Basic earnings per share (HK cents per share)	<u>2.61</u>	<u>5.61</u>

### (b) Diluted earning per share

Diluted earnings per share for the year ended 31 December 2020 (2019: same) is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.



## 12. DIVIDENDS

On 10 January 2020, the Group declared a special dividend in the total sum of HK\$130.0 million out of the profits of the Group available for distribution to pay to a Director, Mr. Ng, out of which (i) approximately HK\$128.1 million in the form of species of the receivables of the Group owed by Mr. Ng, Success Base Group Holding Limited, Success Land Global Company Limited, Nice Dragon International Limited, Fullmax Resources Limited and One Production Holding Limited; and (ii) the balance of approximately HK\$1.9 million be settled as agreed between the Group and Mr. Ng. The special dividend was fully settled before the Listing.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020.

## 13. TRADE RECEIVABLES

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	<b>71,085</b>	132,007
Less: provision for impairment	<b>(466)</b>	(950)
	<u>71,085</u>	<u>132,007</u>
Trade receivables, net	<b><u>70,619</u></b>	<b><u>131,057</u></b>

As at 31 December 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1–30 days	<b>43,288</b>	67,143
31–60 days	<b>27,253</b>	41,136
61–90 days	<b>72</b>	21,367
Over 90 days	<b>472</b>	2,361
	<u>71,085</u>	<u>132,007</u>

Trade receivables are due from 30 days to 90 days after invoicing depending on the nature of services. The Group's trade receivables are mainly denominated in Hong Kong Dollars.

## 14. AMOUNT DUE FROM A DIRECTOR OF THE COMPANY

Particulars of amount due from a Director of the Company are as follows:

	<i>HK\$'000</i>	
	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>HK\$'000</i>	Year ended 31 December 2019 <i>HK\$'000</i>
<b>Balance at 31 December 2020</b>	<u>–</u>	<u>–</u>
Balance at 31 December 2019		<u>81,791</u>
Maximum amount outstanding	<b><u>81,791</u></b>	<u>81,791</u>

The amount, representing amount due from Mr. Ng, was unsecured, repayable on demand and denominated in Hong Kong Dollars. During the year ended 31 December 2019, except for the amount of approximately HK\$12,048,000, with interest bearing at HIBOR plus 1.8% per annum, the remaining amounts were non-interest bearing.

All of the amounts were non-trade in nature, except for an amount of approximately HK\$1,666,000 as at 31 December 2019 which was trade in nature and denominated in Hong Kong Dollars.

The amount due from a Director of the Company was fully settled in January 2020.

## 15. AMOUNTS DUE FROM SUCCESS BASE GROUP HOLDING LIMITED/RELATED COMPANIES

Particulars of amount due from Success Base Group Holding Limited are as follows:

	<i>HK\$'000</i>	
<b>Balance at 31 December 2020</b>	<u><u>–</u></u>	
Balance at 31 December 2019	<u><u>28,812</u></u>	
	<b>Year ended 31 December 2020 <i>HK\$'000</i></b>	<b>Year ended 31 December 2019 <i>HK\$'000</i></b>
Maximum amount outstanding	<u><u>28,812</u></u>	<u><u>28,812</u></u>

Before 9 December 2019, Success Base Group Holding Limited is the immediate holding company of the Group. Pursuant to the Reorganisation as disclosed in note 2, Success Base Group Holding Limited became a related company of the Group as both of them are under common control of Mr. Ng.

Particulars of amounts due from related companies are as follows:

	<i>HK\$'000</i>	
<b>Balance at 31 December 2020</b>	<u><u>–</u></u>	
Balance at 31 December 2019	<u><u>203,465</u></u>	
	<b>Year ended 31 December 2020 <i>HK\$'000</i></b>	<b>Year ended 31 December 2019 <i>HK\$'000</i></b>
Maximum amount outstanding	<u><u>203,465</u></u>	<u><u>203,465</u></u>

The amounts, representing amounts due from related companies, were unsecured, repayable on demand and denominated in Hong Kong Dollars. During the year ended 31 December 2019, except for the amount of approximately HK\$54,571,000 with interest bearing at HIBOR plus 2.5% per annum, the remaining amounts were non-interest bearing.

All of the amounts were non-trade in nature, except for an amount of approximately HK\$7,374,000 as at 31 December 2019 which was trade in nature and denominated in Hong Kong Dollars.

The above amounts were fully settled before the Listing.

## 16. TRADE PAYABLES

As at 31 December 2020, the ageing analysis of the trade payables by invoice date is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1–30 days	<b>37,903</b>	50,398
31–60 days	<b>6,958</b>	8,842
61–90 days	<b>2,360</b>	3,400
Over 90 days	<b>21,763</b>	8,376
	<u><b>68,984</b></u>	<u>71,016</u>

The trade payables are mainly denominated in Hong Kong Dollars and the carrying amounts approximate their fair values.

## 17. CONTINGENCIES

As at 31 December 2020, the Group's contingent liabilities were as follow:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Surety bonds ( <i>Note</i> )	<u><b>90,039</b></u>	<u>66,915</u>

*Note:* As at 31 December 2020, the Group provided corporate guarantee (2019: Mr. Ng, Ms. Zhao Haiyan Chloe, Success Base Group Holding Limited, and the Group provided personal and corporate guarantees) to surety bonds in respect of 9 (2019: 7) fitting-out contracts of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the term of the respective fitting-out contracts.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group for the year ended 31 December 2020 and 2019 was approximately HK\$680,212,000 and approximately HK\$879,401,000 respectively, representing a decrease of approximately 22.7%. Such decrease was mainly due to:

- (i) contrary to what the Directors and many others had wished that the outbreak of the coronavirus pandemic (“**COVID-19**”) would be under control gradually in June 2020 and that the economy would improve positively in the second half of 2020, the actual outcome of the persistent outbreak of COVID-19 in the second half of 2020 further intensified the economic downturn of Hong Kong and dampened market sentiment, which was a disincentive for property developers to commence new property projects, thus unexpectedly delaying or reducing the number of new fitting-out projects that could be awarded to the Group in the second half of 2020; and
- (ii) the persistent outbreak of COVID-19 in the second half of 2020 further delayed the progress of some of the Group’s fitting-out projects on hand which greatly affected the revenue recognition of such projects accordingly.

#### Gross profit and gross profit margin

The gross profit of the Group for the year ended 31 December 2020 and 2019 was approximately HK\$93,197,000 and approximately HK\$119,726,000 respectively, while the gross profit margin of the Group for the year ended 31 December 2020 and 2019 was approximately 13.7% and approximately 13.6% respectively. The decrease in gross profit for the year ended 31 December 2020 was primarily due to the decrease in revenue as mentioned above while the gross profit margin for the year ended 31 December 2020 remained relatively stable.

#### Other income

The other income of the Group recognised for the year ended 31 December 2020 mainly represented the subsidy granted under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region (“**HKSAR**” or “**Hong Kong**”).

#### Administrative expenses

The administrative expenses of the Group for the year ended 31 December 2020 and 2019 was approximately HK\$68,792,000 and approximately HK\$54,335,000 respectively, representing an increase of approximately 26.6%.

The increase in administrative expenses was mainly attributable to the increase in employee benefit expenses incurred for the year ended 31 December 2020.

## **Listing expenses**

The listing expenses of the Group represented the expenses incurred for the IPO before the Listing.

## **Finance costs**

The finance costs of the Group for the year ended 31 December 2020 and 2019 was approximately HK\$14,647,000 approximately HK\$16,171,000 respectively, representing a decrease of approximately 9.4%.

The decrease in finance costs was primarily due to the decrease in usage of the bank borrowings and other banking facilities after the Listing.

## **Profit and total comprehensive income for the year attributable to owners of the Company**

As a result of the abovementioned, the Group reported a net profit for the year ended 31 December 2020 of approximately HK\$18,049,000 (2019: approximately HK\$33,675,000).

## **BUSINESS REVIEW AND PROSPECTS**

### **Businesses**

The Group is an established contractor based in Hong Kong with over 15 years of operating history providing fitting-out services and repair and maintenance services with the qualifications as a registered electrical contractor, registered sub-contractor and registered minor works contractor in Hong Kong.

On 17 July 2020, the shares (the “**Shares**”) of the Company were successfully listed on the Main Board of the Stock Exchange, marking an important milestone of the Group.

During the year ended 31 December 2020, the Group is principally engaged in the provision of fitting-out services and repair and maintenance services for residential and commercial properties in Hong Kong.

As at 31 December 2020, the Group had a total of 36 fitting-out projects on hand, which included fitting-out projects that have commenced but not completed and fitting-out projects that have been awarded to us but not yet commenced, with an aggregate total contract sum of approximately HK\$2,874 million. Among these projects on hand, 23 projects were with total contract sum of approximately HK\$50 million or above. The aggregate total contract sum of these 23 projects amounted to approximately HK\$2,597 million.

## **Future prospects and strategies**

Looking ahead to 2021, it is unavoidable that overall economy of Hong Kong in the short term will be affected by the persistent outbreak of COVID-19. As such, it is expected that the Group's business will continue to encounter tough challenges for a while.

However, as supported by both 2018 and 2019 policy address of Hong Kong, the Government of the HKSAR will develop land resources in a persistent manner to satisfy the short to medium term housing demand. Therefore, the Group expects that the business of the Group will remain stable in the fitting-out industry in Hong Kong in the long term. The Group will devote necessary resources to further increase its market share if appropriate.

Having the encouraging results in the Group's existing technologies and technical solutions, it is the Board's intention that the Group would commit to commercialise the Group's existing technologies and technical solutions. Hence, the Group intends to speed up the development of its technologies and technical solutions. The Group would launch a total solution for both the general public and service providers in the fitting-out, interior design and construction and property market industries should it be materialised in 2021. Given the Group's great and developed network in the value chains of the industries, the commercialisation of the Group's technologies and technical solutions will create new opportunities for the Group to work more closely with its strategic partners.

Looking ahead, the Board remains prudent and optimistic about the prospects of the Group's business in the long term. The Group will continue to adopt a cautious approach to ensure corporate sustainability in 2021. The Group will consider to monitor its working capital management closely. The Group will also closely and carefully monitor the latest development in its core business and the potential commercialisation of its technologies and technical solutions; and the latest development of the epidemic effect and adjust its business strategies from time to time if required.

## **DEBTS AND CHARGE ON ASSETS**

As at 31 December 2020, total debt of the Group, including bank borrowings and lease liabilities, was approximately HK\$235,276,000 (2019: approximately HK\$390,372,000).

As at 31 December 2020, the Group's banking facilities were secured/guaranteed by:

- (i) Personal guarantee provided by a Director, Mr. Ng;
- (ii) Corporate guarantees provided by the Group, Success Base Group Holding Limited and related companies commonly controlled by Mr. Ng;
- (iii) Properties held by a Director, Mr. Ng, and related companies;
- (iv) Investments in insurance contracts of approximately HK\$15,261,000 (2019: approximately HK\$14,792,000); and
- (v) Pledged time deposits of approximately HK\$3,127,000 (2019: approximately HK\$3,100,000).

In addition, as at 31 December 2020, the Group provided corporate guarantee to surety bonds.

The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 December 2020, the Company's issued capital was HK\$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK\$0.01 each.

The principal liquidity and working capital requirements of the Group primarily related to the Group's operating expenses. Historically, the Group had met its working capital and other liquidity requirements principally through a combination of cash generated from the Group's operations and bank borrowings. After the Listing, the Group expects to fund its working capital and other liquidity requirements with a combination of various sources, including but not limited to cash generated from the Group's operations, bank borrowings, the net proceeds from the IPO as well as other external equity and debt financings as and when appropriate.

As at 31 December 2020, the Group had pledged time deposits of approximately HK\$3,127,000 (2019: approximately HK\$3,100,000). Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and pledged time deposits. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position, plus net debt. As at 31 December 2020, the gearing ratio of the Group was approximately 56.4% (2019: approximately 70.7%). As at 31 December 2020, the current ratio of the Group was approximately 1.2 (2019: approximately 1.2).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the income and expenditures of the Group are denominated in Hong Kong Dollars, being the functional currency of the subsidiaries now comprising the Group, and hence, the Group does not have any material foreign exchange risk exposure. During the year ended 31 December 2020, the Group did not employ any financial instruments for hedging purpose. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2020, the Group employed a total of 254 employees (2019: 251). The remuneration package the Group offered to its employees includes salary, discretionary year-end bonus and other cash subsidies. The Group provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees. The Group determines the salary of its employees mainly based on their qualifications, experiences and performance. The Group carries out regular review on the performance of employees to determine any salary adjustments, bonuses and promotions.

During the year ended 31 December 2020, the employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$99,302,000 (2019: approximately HK\$88,782,000).

## USE OF PROCEEDS

Upon the Listing, the net proceeds of the Company raised from the IPO was approximately HK\$79.4 million, after deducing the underwriting fees and commissions and other relevant listing expenses. The net IPO proceeds will be used according to the manner as set out in the section headed “Future plans and use of proceeds” in the Prospectus (the “**Prospectus**”) of the Company dated 30 June 2020.

An analysis of the utilisation of the net IPO proceeds up to 31 December 2020 is set out below:

	<b>Net IPO proceeds</b>	<b>Utilised amounts since the Listing Date to 31 December 2020</b>	<b>Unutilised amounts as at 31 December 2020</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Payment of upfront costs for new projects	29.2	(29.2)	–
Obtaining surety bonds	42.3	(9.8)	32.5
General working capital	7.9	(7.9)	–
	<u>79.4</u>	<u>(46.9)</u>	<u>32.5</u>

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Saved as disclosed elsewhere in this announcement, during the period from the Listing Date to 31 December 2020, the Group did not have any significant investments, material acquisitions or disposals.

There was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 31 December 2020 and up to the date of this announcement.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets during the period from the Listing Date to 31 December 2020.

## CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any significant capital commitments.

## CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, as at 31 December 2020, the Group did not have any significant contingent liabilities.



## **EVENTS AFTER THE REPORTING PERIOD**

There have been no other material events occurring after the reporting period and up to the date of this announcement.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend to the shareholders of the Company (the “**Shareholders**”) for the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the period from the Listing Date to 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other listed securities of the Company.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) as its own code of conduct for dealing in securities of the Company by the Directors. All the Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code during the period from the Listing Date to 31 December 2020.

## **CORPORATE GOVERNANCE PRACTICES**

Save as disclosed below, during the period from the Listing Date to 31 December 2020, the Company had complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered the nature and extent of the Group’s operations, and Mr. Ng’s in-depth knowledge and experience in the industry and familiarity with the operations of the Group, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Group and that it is in the best interest of the Group to have Mr. Ng taking up both roles. As such, the roles of the chairman and chief executive officer of the Group are not being separated pursuant to the requirement under the code provision A.2.1 of the CG Code.

## SHARE OPTIONS

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 16 June 2020. The Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Further details of the Share Option Scheme were set forth in the section headed "Statutory and general information — D. Share Option Scheme" in Appendix IV to the Prospectus.

During the period from the adoption date of the Share Option Scheme to 31 December 2020, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

## AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company was established with its written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Yip Chun On, Dr. Ho Chung Tai Raymond and Prof. Chau Kwong Wing, to review matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2020 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "**2020 AGM**") of the Company for the year ended 31 December 2020 will be held on a date to be fixed by the Board, and a notice convening the 2020 AGM will be published and despatched to the Shareholders in due course.

## SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this annual results announcement have been agreed by the Group's independent auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this annual results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.superland-group.com](http://www.superland-group.com). The annual report of the Company for the year ended 31 December 2020 will be despatched to the Shareholders and published on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our Shareholders, customers, suppliers, sub-contractors, bankers and professional parties for their continuous support, as well as our management team and staff for their hard work and contributions during the year.

By Order of the Board  
**Superland Group Holdings Limited**  
**Mr. Ng Chi Chiu**  
*Chairman, chief executive officer and executive Director*

Hong Kong, 30 March 2021

*As at the date of this announcement, the executive Directors are Mr. Ng Chi Chiu, Ms. Zhao Haiyan Chloe and Ms. Ho Nga Ling; the non-executive Director is Mr. Chan Ming Yim; and the independent non-executive Directors are Dr. Ho Chung Tai Raymond, Mr. Yip Chun On and Prof. Chau Kwong Wing.*

*Please also refer to the published version of this announcement on the Company's website at [www.superland-group.com](http://www.superland-group.com).*