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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Superland Group Holdings Limited (the “**Company**”) is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding six months ended 30 June 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	327,838	296,233
Cost of services		(292,951)	(264,815)
Gross profit		34,887	31,418
Other income	6	564	2,171
Other (losses)/gains, net		(422)	243
Administrative expenses		(38,496)	(33,243)
Listing expenses		–	(3,830)
Loss before finance income and costs and income tax credit		(3,467)	(3,241)
Finance income		–	979
Finance costs		(5,348)	(8,337)
Loss before income tax credit		(8,815)	(10,599)
Income tax credit	7	989	1,561
Loss and total comprehensive loss for the period attributable to the owners of the Company	8	(7,826)	(9,038)
Loss per share attributable to the owners of the Company			
Basic and diluted (HK cents)	9	(0.98)	(1.51)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Plant and equipment		5,314	6,596
Right-of-use assets		10,112	2,278
Investments in insurance contracts		17,896	15,261
Other receivables, deposits and prepayments		29,104	29,480
Deferred income tax assets		1,797	808
		64,223	54,423
		64,223	54,423
Current assets			
Trade receivables	<i>11</i>	104,385	70,619
Other receivables, deposits and prepayments		6,100	22,001
Contract assets		357,469	309,702
Pledged time deposits		3,127	3,127
Cash and cash equivalents		49,771	54,128
		520,852	459,577
		520,852	459,577
Total assets		585,075	514,000
EQUITY			
Equity attributable to the owners of the Company			
Share capital		8,000	8,000
Reserves		88,703	88,506
Retained earnings		33,460	41,286
		130,163	137,792
Total equity		130,163	137,792

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>6,635</u>	<u>1,188</u>
		<u>6,635</u>	<u>1,188</u>
Current liabilities			
Trade payables	12	61,628	68,984
Accruals, retention payables and other liabilities		90,147	57,950
Lease liabilities		3,650	1,182
Contract liabilities		30,489	11,370
Borrowings		259,735	232,906
Current income tax payables		<u>2,628</u>	<u>2,628</u>
		<u>448,277</u>	<u>375,020</u>
Total liabilities		<u>454,912</u>	<u>376,208</u>
Total equity and liabilities		<u>585,075</u>	<u>514,000</u>

NOTES TO THE CONDENSED 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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong Special Administrative Region (“**Hong Kong**” or “**HKSAR**”) of the People’s Republic of China is Flat A&B, 3/F, Yin Da Commercial Building, 181 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. The shares (the “**Shares**”) of the Company were listed (the “**Listing**”) on the Main Board (the “**Main Board**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 July 2020 (the “**Listing Date**”).

The Company is an investment holding company. 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.

2.1 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 (the “**IPO**”) and listing of the 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 Chi Chiu (“**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 the British Virgin Islands 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 sale 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.

Details of the Reorganisation were fully explained in the section headed “History, development and Reorganisation” in the prospectus (the “**Prospectus**”) of the Company dated 30 June 2020.

2.2 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 condensed consolidated financial statements of the Group have been prepared and presented as a continuation of the condensed 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 condensed 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.

2.3 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

For the preparation of the condensed consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated financial statements does not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements has been prepared under the historical cost convention except for investments in insurance contracts which are measured at the cash surrender value.

Other than change in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2020.

(a) Amendments to HKFRSs

The Group has applied the following amendments to HKFRSs which were effective for the Group’s financial year beginning on 1 January 2021:

— Amendments to HKAS 39, HKFRS 4, *Interest rate benchmark reform — Phase 2*
HKFRS 7, HKFRS 9 and HKFRS 16

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(b) New and amendments to HKFRSs issued but not yet effective

In addition, the HKICPA also published a number of new and amendments to HKFRSs which are effective for the financial year beginning on or after 1 January 2022 and have not been early adopted by the Group. Management is assessing the impact of such new and amendments to HKFRSs and will adopt the relevant HKFRSs in the subsequent periods as required.

4. FAIR VALUE ESTIMATION

The Group analyses its financial instruments’ fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amount of the Group’s financial assets and liabilities, including cash and cash equivalents, pledged time deposits, trade receivables, deposits and other receivables, trade payables, accruals, retention payables and other liabilities, borrowings and lease liabilities approximate their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

5. 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 the announcement.

(a) Disaggregation of revenue

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
— Fitting-out services	326,839	294,170
— Repair and maintenance services	999	2,063
	<u>327,838</u>	<u>296,233</u>

The Group’s revenue is recognised over time for the six months ended 30 June 2021 and 2020.

(b) Geographical information

All the Group’s revenue for the six months ended 30 June 2021 and 2020 and the Group’s assets as at 30 June 2021 and 31 December 2020 are generated and based in Hong Kong.

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Subsidy from the Government of the HKSAR	<u>564</u>	<u>2,171</u>

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
— Provision for the period	—	—
Deferred income tax	<u>(989)</u>	<u>(1,561)</u>
Income tax credit	<u>(989)</u>	<u>(1,561)</u>

No Hong Kong profits tax was provided for the six months ended 30 June 2021 as the Group has no estimated assessable profits (six months ended 30 June 2020: Nil) arising in Hong Kong.

8. LOSS FOR THE PERIOD

Six months ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

The Group's loss for the period is stated after charging/(crediting) the following:

Sub-contracting fees	135,506	116,871
Material costs	123,101	111,780
Depreciation		
— plant and equipment	442	1,513
— right-of-use assets	1,992	974
Employee benefit expenses	52,305	48,316
Interest expenses on borrowings	5,117	8,217
Interest elements of lease liabilities	231	120
Interest income from loans to a Director	—	(213)
Interest income from loans to related companies	—	(691)

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods. For the six months ended 30 June 2020, in determining the weighted average number of ordinary shares, 600,000,000 Shares, which resulted from the issue and allotment of Shares by the Company in connection with the IPO and the Reorganisation, had been treated as if such Shares were issued on 1 January 2019.

Six months ended 30 June		
2021	2020	
(Unaudited)	(Unaudited)	
Loss attributable to the owners of the Company (HK\$)	(7,826,000)	(9,038,000)
Weighted average number of ordinary shares in issue	800,000,000	600,000,000
Basic and diluted loss per share (HK cents)	(0.98)	(1.51)

(b) Diluted loss per share

Diluted loss per share presented is the same as the basic loss per share as there was no potentially dilutive ordinary share outstanding for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

10. DIVIDENDS

Six months ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Dividend declared and paid — Nil (six months ended 30 June 2020: HK\$0.22 per share)	—	130,000
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The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021.

11. TRADE RECEIVABLES

The ageing analysis of the trade receivables, based on invoice date, and before impairment losses, is as follows:

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
0–30 days	43,009	43,288
31–60 days	46,323	27,253
61–90 days	15,402	72
Over 90 days	117	472
	<u>104,851</u>	<u>71,085</u>

12. TRADE PAYABLES

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

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
0–30 days	17,460	37,903
31–60 days	14,656	6,958
61–90 days	8,565	2,360
Over 90 days	20,947	21,763
	<u>61,628</u>	<u>68,984</u>

13. CONTINGENCIES

At the end of the reporting period, the Group's contingent liabilities were as follow:

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Surety bonds (<i>Note</i>)	<u>84,030</u>	<u>90,039</u>

Note: As at 30 June 2021, the Group provided corporate guarantee to surety bonds in respect of 7 (31 December 2020: 9) fitting-out contracts of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective fitting-out contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 June 2021 and 2020 was approximately HK\$327,838,000 and approximately HK\$296,233,000, respectively, representing an increase of approximately 10.7%.

The increase in revenue was mainly driven by the revenue contribution by on-going projects as the outbreak of the coronavirus pandemic (“**COVID-19**”) was gradually under control for the six months ended 30 June 2021.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2021 and 2020 was approximately HK\$34,887,000 and approximately HK\$31,418,000, respectively, while the gross profit margin of the Group for the six months ended 30 June 2021 and 2020 was approximately 10.6% and approximately 10.6%, respectively.

The increase in gross profit for the six months ended 30 June 2021 was primarily due to the increase in revenue as mentioned above while the gross profit margin for the six months ended 30 June 2021 remained stable.

Other income

The other income of the Group for the six months ended 30 June 2021 and 2020 was approximately HK\$564,000 and approximately HK\$2,171,000, respectively, representing a decrease of approximately 74.0%.

The decrease in other income was mainly due to the decrease in subsidy granted under the Employment Support Scheme launched by the Government of the HKSAR in 2020 which was non-recurring in nature for the six months ended 30 June 2021.

Other (losses)/gains, net

The net other (losses)/gains of the Group for the six months ended 30 June 2021 mainly represented the changes in value of the investments in insurance contracts.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 June 2021 and 2020 was approximately HK\$38,496,000 and approximately HK\$33,243,000, respectively, representing an increase of approximately 15.8%.

The increase in administrative expenses was mainly attributable to the increase in employee benefit expenses and general administrative expenses incurred for the six months ended 30 June 2021 after the Listing.

Listing expenses

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

Finance costs

The finance costs of the Group for the six months ended 30 June 2021 and 2020 was approximately HK\$5,348,000 and approximately HK\$8,337,000, respectively, representing a decrease of approximately 35.9%.

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

Loss and total comprehensive loss for the period attributable to the owners of the Company

As a result of the abovementioned, the loss and total comprehensive loss for the period attributable to the owners of the Company for the six months ended 30 June 2021 and 2020 was approximately HK\$7,826,000 and approximately HK\$9,038,000, respectively, representing a decrease of approximately 13.4%.

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 subcontractor and registered minor works contractor in Hong Kong.

On 17 July 2020, the Shares were successfully listed on the Main Board of the Stock Exchange, marking an important milestone of the Group.

For the six months ended 30 June 2021, 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 30 June 2021, the Group had a total of 40 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 the Group but not yet commenced, with an aggregate total contract sum of approximately HK\$3,373.3 million. Among these projects on hand, 27 projects were with total contract sum of approximately HK\$50.0 million or above. The aggregate total contract sum of these 27 projects amounted to approximately HK\$3,117.0 million.

Future prospects and strategies

Looking ahead to the second half of 2021, it is unavoidable that the 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 2020 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 good reputations and positive feedback in the Group's existing technologies and technical solutions, it is the intention of the Board that the Group would commit to commercialise the Group's existing technologies and technical solutions. Hence, the Group intends to solidify 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 once the total solution is mature. 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 the second half of 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 30 June 2021, total debt of the Group, including bank borrowings and lease liabilities, was approximately HK\$270,020,000 (31 December 2020: approximately HK\$235,276,000).

As at 30 June 2021, 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 and related companies commonly controlled by a Director, Mr. Ng;
- (iii) Properties held by a Director, Mr. Ng, and related companies;

- (iv) Investments in insurance contracts of approximately HK\$17,896,000 (31 December 2020: approximately HK\$15,261,000); and
- (v) Pledged time deposits of approximately HK\$3,127,000 (31 December 2020: approximately HK\$3,127,000).

In addition, as at 30 June 2021, the Group provided corporate guarantee to surety bonds and a personal guarantee was provided by a Director, Ms. Zhao Haiyan Chloe, in relation to a lease agreement.

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 30 June 2021, the Company's issued capital was HK\$8,000,000 and the number of its issued 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 30 June 2021, the Group had pledged time deposits of approximately HK\$3,127,000 (31 December 2020: approximately HK\$3,127,000). 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 condensed consolidated statement of financial position, plus net debt. As at 30 June 2021, the gearing ratio of the Group was approximately 62.5% (31 December 2020: approximately 56.4%). As at 30 June 2021, the current ratio of the Group was approximately 1.2 (31 December 2020: 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. For the six months ended 30 June 2021, 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 30 June 2021, the Group employed a total of 252 (31 December 2020: 254) employees. 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.

For the six months ended 30 June 2021, the employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$52,305,000 (six months ended 30 June 2020: approximately HK\$48,316,000).

USE OF PROCEEDS

Upon the Listing, the net proceeds raised from the IPO was approximately HK\$79.4 million, after deducting 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.

An analysis of the utilisation of the net IPO proceeds up to 30 June 2021 is set out below:

	Net IPO proceeds <i>HK\$ million</i>	Utilised amounts since the Listing Date to 30 June 2021 <i>HK\$ million</i>	Unutilised amounts as at 30 June 2021 <i>HK\$ million</i>	Expected timeline of full utilisation of unutilised amounts as at 30 June 2021
Payment of upfront costs for new projects	29.2	(29.2)	–	
Obtaining surety bonds	42.3	(13.2)	29.1	Fourth quarter of 2022
General working capital	7.9	(7.9)	–	
	<u>79.4</u>	<u>(50.3)</u>	<u>29.1</u>	

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the unutilised net IPO proceeds will be applied in the manner consistent with the proposed allocations.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Saved as disclosed elsewhere in this announcement, for the six months ended 30 June 2021, 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 30 June 2021 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 for the six months ended 30 June 2021.

CAPITAL COMMITMENTS

As at 30 June 2021 and 31 December 2020, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, as at 30 June 2021 and 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to the shareholders (the “**Shareholders**”) of the Company for the six months ended 30 June 2021.

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

For the six months ended 30 June 2021, 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 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 throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, for the six months ended 30 June 2021, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) as stated in 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.

In respect of code provision provisions A.6.7 and E.1.2 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of the Shareholders while the chairman of the Board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. Due to prior or unexpected business engagements, Mr. Yip Chun On, the chairman of the audit committee, and Prof. Chau Kwong Wing, chairman of the remuneration committee, were unable to attend the annual general meeting (“**2020 AGM**”) of the Company held on 17 June 2021. All the remaining Directors were present at the 2020 AGM to maintain an ongoing dialogue and communicate with the Shareholders.

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.

The Company granted 4,000,000 share options at an exercise price HK\$0.712 per Share on 1 April 2021 to a consultant of the Company under the Share Option Scheme.

None of these 4,000,000 share options was exercised, expired or lapsed for the six months ended 30 June 2021. All these 4,000,000 share options remained outstanding as at 30 June 2021.

REVIEW OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The condensed consolidated financial statements have not been audited or reviewed by the Company’s auditors, but have been reviewed by the Audit Committee. The Audit Committee has reviewed with the management of the Company on the accounting principles and practices adopted by the Group, the interim report and the interim results announcement of the Group for the six months ended 30 June 2021, and is of the view that such results comply with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.superland-group.com. The interim report of the Company for the six months ended 30 June 2021 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 period.

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

Hong Kong, 20 August 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.