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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 2022

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 2022, together with the comparative figures for the corresponding year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	819,302	798,108
Cost of services		(705,279)	(695,810)
Gross profit		114,023	102,298
Other income	6	12,405	628
Other losses, net		(2,466)	(57)
Administrative expenses		(74,602)	(76,547)
(Impairment loss)/reversal of impairment loss on trade receivables and contract assets, net		(92)	676
Profit before finance income and costs and income tax expense		49,268	26,998
Finance income		59	–
Finance costs		(16,473)	(10,638)
Profit before income tax expense	7	32,854	16,360
Income tax expense	8	(4,789)	(3,763)
Profit and total comprehensive income for the year attributable to owners of the Company		28,065	12,597
Earnings per share attributable to owners of the Company			
Basic and diluted (expressed in HK cents per share)	9	3.51	1.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		1,340	4,472
Right-of-use assets		228	6,817
Investments in insurance contracts		35,429	18,180
Other receivables, deposits and prepayments		29,715	22,906
Deferred income tax assets		1,435	938
		<u>68,147</u>	<u>53,313</u>
Current assets			
Trade receivables	11	187,491	92,059
Other receivables, deposits and prepayments		70,107	17,334
Contract assets		419,791	417,180
Pledged time deposits		3,127	6,611
Cash and cash equivalents		50,463	62,317
		<u>730,979</u>	<u>595,501</u>
Total assets		<u><u>799,126</u></u>	<u><u>648,814</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		8,000	8,000
Reserves		88,506	89,036
Retained earnings		82,478	53,883
		<u>178,984</u>	<u>150,919</u>
Total equity		<u><u>178,984</u></u>	<u><u>150,919</u></u>

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
LIABILITIES			
Non-current liability			
Lease liabilities		–	237
Current liabilities			
Trade payables	<i>12</i>	52,706	108,669
Accruals, retention payables and other liabilities		109,162	104,569
Lease liabilities		237	6,762
Contract liabilities		42,967	11,539
Borrowings		413,159	265,186
Current income tax payable		1,911	933
		620,142	497,658
Total liabilities		620,142	497,895
Total equity and liabilities		799,126	648,814

NOTES

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 Act (As revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business 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 immediate and ultimate parent company of the Company is Fate Investment Company Limited and the controlling shareholder of the Company is Mr. Ng Chi Chiu ("Mr. Ng").

The Company listed (the "Listing") its shares (the "Shares") on the 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. 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.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") 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 HKFRSs 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.

4(a). AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2022:

Standards	Subject of amendment
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations
Annual improvements project (Amendments)	Annual Improvements to HKFRSs 2018–2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments
HKFRS 16 (Amendments)	Covid-19 Related Rent Concessions beyond 2021

The management assessed that amended standards 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.

4(b). NEW AND AMENDED STANDARDS AND INTERPRETATIONS WHICH ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group.

Standards	Subject of amendment	Effective for accounting year beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024

Standards	Subject of amendment	Effective for accounting year beginning on or after
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
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 interpretations when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and interpretations, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

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 the 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

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Fitting-out services	810,147	795,051
Repair and maintenance services	<u>9,155</u>	<u>3,057</u>
	<u><u>819,302</u></u>	<u><u>798,108</u></u>

The Group’s revenue is recognised over time for the year ended 31 December 2022 (2021: same).

(b) Geographical information

All the revenue and assets are based in Hong Kong for the year ended 31 December 2022 (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	230,599	N/A*
Customer B	105,876	298,382
Customer C	100,877	N/A*
Customer D	N/A*	140,371
Customer E	N/A*	113,566
Customer F	N/A*	109,308

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

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Employment Support Scheme (<i>Note a</i>)	12,178	–
Construction Industry Council's Employment Support Scheme (<i>Note b</i>)	–	564
Others	227	64
	<u>12,405</u>	<u>628</u>

Notes:

- (a) Amount represents wage subsidy granted under 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.

7. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is stated after charging the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sub-contracting fees	347,253	383,268
Materials costs	268,914	241,374
Consultation services	787	3,147
Depreciation on plant and equipment	1,606	1,549
Depreciation on right-of-use assets	5,472	5,287
Employee benefit expenses (including Directors' emoluments)	<u>116,827</u>	<u>109,865</u>

8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax expense		
— Hong Kong profits tax	4,961	3,794
Under provision in prior year	325	99
Deferred income tax	<u>(497)</u>	<u>(130)</u>
Income tax expense	<u>4,789</u>	<u>3,763</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 2022 (2021: same).

9. 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.

	2022	2021
Profit attributable to owners of the Company (HK\$)	28,065,000	12,597,000
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic earnings per share (HK cents per share)	<u>3.51</u>	<u>1.57</u>

(b) Diluted earnings per share

Diluted earnings per share for the year is the same as basic earnings per share as the potential ordinary shares in relation to the share options granted to the consultant are anti-dilutive and we do not assume any conversation or exercise.

10. DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: nil).

11. TRADE RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	187,633	92,172
Less: provision for impairment	<u>(142)</u>	<u>(113)</u>
Trade receivables, net	<u>187,491</u>	<u>92,059</u>

As at 31 December 2022 and 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	122,351	49,272
31–60 days	58,773	40,766
61–90 days	4,624	1,880
Over 90 days	<u>1,885</u>	<u>254</u>
	<u><u>187,633</u></u>	<u><u>92,172</u></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.

12. TRADE PAYABLES

As at 31 December 2022 and 2021, the ageing analysis of the trade payables by invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	31,258	72,794
31–60 days	7,702	16,642
61–90 days	3,870	5,429
Over 90 days	<u>9,876</u>	<u>13,804</u>
	<u><u>52,706</u></u>	<u><u>108,669</u></u>

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

13. CONTINGENCIES

As at 31 December 2022 and 2021, the Group's contingent liabilities were as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Surety bonds (<i>Note</i>)	<u><u>90,222</u></u>	<u><u>55,250</u></u>

Note: As at 31 December 2022, the Group provided corporate guarantee (2021: same) to surety bonds in respect of 11 (2021: 8) 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 years ended 31 December 2022 and 2021 were approximately HK\$819,302,000 and approximately HK\$798,108,000, respectively, and remained relatively stable.

Gross profit and gross profit margin

The gross profit of the Group for the years ended 31 December 2022 and 2021 were approximately HK\$114,023,000 and approximately HK\$102,298,000, respectively, while the gross profit margin of the Group for the years ended 31 December 2022 and 2021 were approximately 13.9% and approximately 12.8%, respectively.

Both gross profit and gross profit margin remained fairly stable during the year under review.

Other income

The other income of the Group for the years ended 31 December 2022 and 2021 were approximately HK\$12,405,000 and approximately HK\$628,000, respectively, representing an increase of approximately 1,875.3%.

The increase in other income was mainly due to the subsidy granted under the Employment Support Scheme under the Anti-Epidemic Fund launched by the Government of Hong Kong Special Administrative Region (“**Hong Kong**” or “**HKSAR**”) of the People’s Republic of China in 2022.

Other losses, net

The net other losses of the Group for the years ended 31 December 2022 and 2021 mainly represented the changes in fair value of the investments in insurance contracts.

Administrative expenses

The administrative expenses of the Group for the years ended 31 December 2022 and 2021 were approximately HK\$74,602,000 and approximately HK\$76,547,000, respectively, and remained relatively stable.

Finance costs

The finance costs of the Group for the years ended 31 December 2022 and 2021 were approximately HK\$16,473,000 and approximately HK\$10,638,000, respectively, representing an increase of approximately 54.9%.

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

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

As a result of the abovementioned, the profit and total comprehensive income attributable to owners of the Company for the years ended 31 December 2022 and 2021 were approximately HK\$28,065,000 and approximately HK\$12,597,000, respectively, representing an increase of approximately 122.8%.

Excluding the exceptional item under the period of coronavirus pandemic (the “COVID-19”) for the year ended 31 December 2022, i.e., the subsidy granted under the Employment Support Scheme of approximately HK\$12,178,000 (2021: approximately HK\$564,000), the profit and total comprehensive income for the year attributable to owners of the Company for the year ended 31 December 2022 would be adjusted to approximately HK\$15,887,000, representing an increase of approximately 32.0% as compared to the adjusted one for the year ended 31 December 2021.

BUSINESS REVIEW AND PROSPECTS

Businesses

The Group is an established contractor based in Hong Kong with over 19 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.

For the year ended 31 December 2022, 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 2022, the Group had a total of 46 fitting-out projects on hand, which included fitting-out projects that have commenced but not yet 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\$3,822 million. Among these projects on hand, 28 projects were with total contract sum of approximately HK\$50 million or above. As at 31 December 2022, the aggregate total contract sum of these 28 projects amounted to approximately HK\$3,451 million (31 December 2021: 25 projects: approximately HK\$2,865 million).

Future prospects and strategies

The economy of Hong Kong in 2022 was first dampened by the severe fifth wave of the COVID-19 outbreak starting in late 2021 and further by the deteriorated external environment and tightened financial conditions, including but not limited to the increase in interest rates and supply chain bottlenecks. In spite of the removal of strict COVID-19 restrictions in Hong Kong recently, the Group still expects to encounter great challenges in the short term.

However, as supported by the 2022 policy address of Hong Kong, the Government of the HKSAR will develop land resources in a persistent manner to satisfy the 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.

The Group's integration of technologies and technical solutions with big data into home design and fitting-out projects was successfully delivered to the market. It is the intention of the Board that the Group would be determined and committed to create a one-stop home furnishings solution to serve the industry for the purpose of cost savings and efficiency improvement. The Group will assess any opportunities arising from the application of the technologies and technical solutions with big data so as to deliver better services to our customers.

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 very cautious approach to ensure corporate sustainability in 2023. The Group will consider monitoring its working capital management closely. The Group will also closely and carefully monitor the latest development in its core business and the potential realisation and commercialisation of its technologies and technical solutions; and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 31 December 2022, total debts of the Group, including bank borrowings and lease liabilities, was approximately HK\$413,396,000 (31 December 2021: approximately HK\$272,185,000).

As at 31 December 2022, the Group's banking facilities were secured/guaranteed by:

- (i) Personal guarantee provided by a Director, Mr. Ng;
- (ii) Corporate guarantee provided by the Group;

- (iii) Properties held by two Directors, Mr. Ng and Ms. Zhao Haiyan Chloe (“**Ms. Zhao**”), and related companies;
- (iv) Investments in insurance contracts of approximately HK\$35,429,000 (31 December 2021: approximately HK\$18,180,000); and
- (v) Pledged time deposits of approximately HK\$3,127,000 (31 December 2021: approximately HK\$6,611,000).

In addition, as at 31 December 2022, the Group provided corporate guarantee to surety bonds and a personal guarantee was provided by a Director, Ms. Zhao, in relation to a lease agreement.

The bank borrowings of the Group bear interest at floating rates that are market dependent. 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 2022, 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 initial public offering (the “**IPO**”) as well as other external equity and debt financings as and when appropriate.

As at 31 December 2022, the Group had pledged time deposits of approximately HK\$3,127,000 (31 December 2021: approximately HK\$6,611,000). 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 2022, the gearing ratio of the Group was approximately 66.8% (31 December 2021: approximately 57.4%). As at 31 December 2022, the current ratio of the Group was approximately 1.2 (31 December 2021: approximately 1.2).

FOREIGN EXCHANGE EXPOSURE

Most of the income, expenditures, assets and liabilities of the Group are denominated in Hong Kong Dollars, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange risk exposure. With the insignificant portion of monetary transactions, assets and liabilities of the Group being denominated in foreign currencies, for the year ended 31 December 2022, 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 arises.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 272 (31 December 2021: 264) 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 year ended 31 December 2022, the employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$116,827,000 (2021: approximately HK\$109,865,000).

USE OF PROCEEDS

Upon the Listing, the net proceeds 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 2022 is set out below:

	Net IPO proceeds <i>HK\$ million</i>	Utilised amounts since the Listing Date to 31 December 2022 <i>HK\$ million</i>	Unutilised amounts as at 31 December 2022 <i>HK\$ million</i>	Expected timeline of full utilisation of unutilised amounts as at 31 December 2022
Payment of upfront costs for new projects	29.2	(29.2)	–	N/A
Obtaining surety bonds	42.3	(42.3)	–	N/A
General working capital	7.9	(7.9)	–	N/A
	<u>79.4</u>	<u>(79.4)</u>	<u>–</u>	

As at the date of this announcement, all the net IPO proceeds were utilised and applied in the manner consistent with the proposed allocations.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Saved as disclosed elsewhere in this announcement, for the year ended 31 December 2022, 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 2022 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 year ended 31 December 2022.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, as at 31 December 2022, 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 2022.

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

During the year ended 31 December 2022, 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 year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, during the year ended 31 December 2022, 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 C.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 C.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. 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.

All of these 4,000,000 share options were forfeited and cancelled for the year ended 31 December 2022.

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 2022 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 “**2022 AGM**”) of the Company for the year ended 31 December 2022 will be held on a date to be fixed by the Board, and a notice convening the 2022 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 2022 as set out in this annual results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 and on the website of the Company at www.superland-group.com. The annual report of the Company for the year ended 31 December 2022 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 2023

As at the date of this announcement, the executive Directors are Mr. Ng Chi Chiu and Ms. Zhao Haiyan Chloe; 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.