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## **Kingland Group Holdings Limited**

### **景聯集團控股有限公司**

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

**(Stock Code: 1751)**

## **ANNOUNCEMENT OF ANNUAL RESULT FOR THE YEAR ENDED 31 DECEMBER 2023**

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Kingland Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Financial Year 2023**”), together with the audited comparative figures for the year ended 31 December 2022 (the “**Financial Year 2022**”), as follows:

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

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>121,186</b>	75,662
Cost of sales		<b>(91,726)</b>	(58,973)
Gross profit		<b>29,460</b>	16,689
Other income and gains	3	<b>682</b>	1,771
Reversal of/(provision for) impairment losses on financial assets and contract assets		<b>778</b>	(1,784)
Administrative and other operating expenses		<b>(28,490)</b>	(25,068)
Operating gain/(loss)		<b>2,430</b>	(8,392)
Finance costs	4	<b>(1,112)</b>	(869)
Profit/(loss) before income tax	5	<b>1,318</b>	(9,261)
Income tax credit	6	<b>–</b>	229
<b>Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company</b>		<b>1,318</b>	(9,032)
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Basic and diluted earnings/(loss) per share	7	<b>0.57</b>	(4.07)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,611	8,986
Right-of-use assets		8,357	8,326
		<u>12,968</u>	<u>17,312</u>
<b>Current assets</b>			
Contract assets		16,762	12,805
Trade and other receivables	8	15,094	12,556
Pledged bank deposits		14,757	14,570
Cash and bank balances		11,882	3,563
		<u>58,495</u>	<u>43,494</u>
<b>Total assets</b>		<u><b>71,463</b></u>	<u><b>60,806</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
<b>Capital and reserves</b>			
Share capital	9	12,096	8,064
Reserves		11,289	199
<b>Total equity</b>		<u><b>23,385</b></u>	<u><b>8,263</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities		742	727
Lease liabilities		3,845	4,432
		<u>4,587</u>	<u>5,159</u>

	<i>Notes</i>	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
<b>Current liabilities</b>			
Bank overdrafts		<b>9,651</b>	9,720
Borrowings		<b>2,732</b>	5,907
Trade and other payables	10	<b>23,245</b>	24,085
Lease liabilities		<b>4,250</b>	3,630
Government grants		–	80
Amounts due to directors		<b>3,613</b>	3,962
		<b>43,491</b>	47,384
<b>Total liabilities</b>		<b>48,078</b>	52,543
<b>Total equity and liabilities</b>		<b>71,463</b>	60,806
<b>Net current assets/(liabilities)</b>		<b>15,004</b>	(3,890)
<b>Total assets less current liabilities</b>		<b>27,972</b>	13,422

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Kingland Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 5 January 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 16 December 2016.

The Company’s shares are currently listed on the Main Board of the Stock Exchange. Dealings in the shares on the Main Board commenced on 12 June 2018 pursuant to the approval granted by the Stock Exchange for the transfer of listing of the shares from the GEM to the Main Board of the Stock Exchange.

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company’s principal place of business is Flat B, G/F., Fu Hop Factory Building, 209 and 211 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) is principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except otherwise indicated.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2024.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

### **2.1.1 New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

### **2.1.2 Amendments to existing standards not yet adopted**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION

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

	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>		
Provision of concrete demolition services	<u>121,186</u>	<u>75,662</u>
<b>Other income and gains</b>		
Sundry income	249	35
Interest income	329	11
Government grant	80	1,565
Gain on disposal of property, plant and equipment	<u>24</u>	<u>160</u>
	<u>682</u>	<u>1,771</u>

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

#### Geographical information

The Group primarily operates in Hong Kong and Macau. The Group's non-current assets are principally located in Hong Kong. The Group's revenue from external customers is derived from the following regions:

	2023 HK\$'000	2022 HK\$'000
Revenue (by location of customers)		
– Hong Kong	121,186	75,655
– Macau	<u>–</u>	<u>7</u>
	<u>121,186</u>	<u>75,662</u>

#### Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A	37,426	NA <sup>1</sup>
Customer B	16,510	NA <sup>1</sup>
Customer C	13,799	NA <sup>1</sup>
Customer D	13,552	NA <sup>1</sup>
Customer E	NA <sup>1</sup>	12,667
Customer F	<u>NA<sup>1</sup></u>	<u>8,892</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### 4. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank overdrafts	469	336
Interest on lease liabilities	442	289
Interest on borrowings	201	244
	<u>1,112</u>	<u>869</u>

#### 5. PROFIT/(LOSS) BEFORE INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Included in cost of sales		
Depreciation of property, plant and equipment	4,787	6,875
Depreciation of right-of-use assets	679	1,600
Staff costs	30,653	21,667
Included in administrative and other operating expenses		
Auditors' remuneration	690	630
Depreciation of property, plant and equipment	449	240
Depreciation of right-of-use assets	3,545	3,351
Expense relating to short-term leases not included in the measurement of lease liabilities	720	720
Staff cost, including directors' emoluments	16,401	14,894

#### 6. INCOME TAX CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong:		
– Under-provision in prior year	–	113
Macau:		
– Over-provision in prior year	–	(342)
<b>Income tax credit</b>	<u>–</u>	<u>(229)</u>

#### 7. EARNINGS/(LOSS) PER SHARE

	2023	2022 (Restated)
Profit/(loss) attributable to owners of the Company ( <i>HK\$'000</i> )	1,318	(9,032)
Weighted average number of ordinary shares for the purpose of calculating earnings/(loss) per share ( <i>in thousand</i> )	232,331	221,805
Basic earnings/(loss) per share ( <i>HK cents</i> )	<u>0.57</u>	<u>(4.07)</u>

The weighted average number of ordinary shares of 232,331,076 (2022: Restated as 221,805,303) in issue during the year, as adjusted to reflect the effect of the share consolidation and the Rights Issue as disclosed in Note 9. Comparative figures have also been adjusted on the assumption that the share consolidation and the rights issue had been effective in the prior year.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary share in issue during the years ended 31 December 2023 and 2022.

## 8. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	14,141	13,094
Less: allowance for credit losses	<u>(5,220)</u>	<u>(5,618)</u>
	8,921	7,476
Other receivables, deposits and prepayments	<u>6,173</u>	<u>5,080</u>
	<u><b>15,094</b></u>	<u><b>12,556</b></u>

### Notes:

- (a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The Group generally allows a credit period of within 60 days. No interest is charged on overdue receivables.
- (b) The ageing analysis of trade receivables, net of allowance for credit losses based on invoice date, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	1,302	859
31–60 days	5,232	2,642
61–90 days	1,144	3,675
91–365 days	<u>1,243</u>	<u>300</u>
	<u><b>8,921</b></u>	<u><b>7,476</b></u>

## 9. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
<b>Authorised</b>		
As at 1 January 2022, 31 December 2022 and 1 January 2023 of HK\$0.01 each	1,000,000,000	10,000
Additional authorised share capital (Note (a))	1,000,000,000	10,000
Share consolidation (Note (a))	<u>(1,600,000,000)</u>	<u>–</u>
As at 31 December 2023 of HK\$0.05 each	<u><b>400,000,000</b></u>	<u><b>20,000</b></u>
<b>Issued and fully paid</b>		
As at 1 January 2022, 31 December 2022 and 1 January 2023 of HK\$0.01 each	806,400,000	8,064
Share consolidation (Note (a))	(645,120,000)	–
Issue of shares in respect of rights issue (Note (b))	<u>80,640,000</u>	<u>4,032</u>
As at 31 December 2023 of HK\$0.05 each	<u><b>241,920,000</b></u>	<u><b>12,096</b></u>

*Notes:*

- (a) Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 17 May 2023, i) increase in authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of additional 1,000,000,000 new unissued shares; and ii) every five issued and unissued shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.05 each, the changes took effect on 17 May 2023.
- (b) On 6 April 2023, the Board of Directors proposed to conduct the rights issue on the basis of one rights shares (“**Rights Share(s)**”) for every two shares held on the record date of 30 May 2023 at the subscription price of HK\$0.185 per Rights Share (“**Rights Issue**”), to raise gross proceeds up to approximately HK\$14.92 million, and after deduction of Rights Issue expenses of approximately HK\$1.1 million, by way of issuing up to 80,640,000 Rights Shares. The Rights Issue became unconditional on 23 June 2023 and was completed on 29 June 2023.

**10. TRADE AND OTHER PAYABLES**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<b>16,354</b>	13,581
Accruals and other payables	<b>6,891</b>	10,504
	<b>23,245</b>	24,085

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	<b>781</b>	1,473
31–60 days	<b>948</b>	331
61–90 days	<b>1,856</b>	1,007
Over 90 days	<b>12,769</b>	10,770
	<b>16,354</b>	13,581

Trade payables are non-interest bearing.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group's principal activity is the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor. Our services are mainly required in the removal of pieces or sections of concrete from concrete structures and the demolition of the entire concrete structures or buildings by applying a variety of methods, such as core drilling, sawing and crushing. Our services are required in many different situations including, among others, addition and alteration works and redevelopment projects in buildings, roads, tunnels and underground facilities.

We have been operating in the concrete demolition industry in Hong Kong since 1985. We have also been providing concrete demolition services in Macau since 2006. We are a registered subcontractor for general demolition and other (concrete coring and saw cutting) works under the Subcontractor Registration Scheme of the Construction Industry Council and a Registered Minor Works Contractor at the Buildings Department.

In general, our customers are main contractors in various types of construction and civil engineering projects in Hong Kong and construction projects in Macau. We undertake jobs in both public and private sectors. Public sector jobs refer to jobs which the main contractors are employed by the Hong Kong Government, the Macau Government or their respective related organisations or corporations, while private sector jobs refer to jobs that are not public sector jobs.

Following the lifting of all social distancing measures by the Hong Kong Government in early 2023, Hong Kong is gradually returning to normalcy. The impact of the COVID-19 pandemic on our Group has been gradually diminishing. Looking ahead to the future, our Group's business outlook remains cautiously optimistic, considering the ongoing challenges faced by the Hong Kong economy. In response to these circumstances, we will maintain a vigilant focus on cost control measures and operational efficiency. By closely monitoring our expenses and optimising our resources, we will strive to improve profitability while ensuring the delivery of high-quality services to our clients.

## FINANCIAL REVIEW

During the Financial Year 2023, all of our Group's revenue was derived from concrete demolition business in Hong Kong. The Group's revenue for the Financial Year 2023 was approximately HK\$121.2 million, representing an increase of approximately 60.1% from approximately HK\$75.7 million for the Financial Year 2022. The increase is mainly due to the revenue generated from the substantial completion of certain sizable projects during the Financial Year 2023.

Our Group's gross profit increased from approximately HK\$16.7 million for the Financial Year 2022 to approximately HK\$29.5 million for the Financial Year 2023, and the gross profit margin for our Group slightly increased from approximately 22.1% for the Financial Year 2022 to approximately 24.3% for the Financial Year 2023, representing a steady improvement.

Administrative and other operating expenses increased by approximately HK\$3.4 million (representing an increase of approximately 13.5%) to approximately HK\$28.5 million for the Financial Year 2023, compared with HK\$25.1 million for the Financial Year 2022, which was mainly due to the increase in indirect staff costs.

The Group recognised approximately HK\$0.8 million of reversal of impairment losses on financial assets and contract assets for the Financial Year 2023 (the Financial Year 2022: approximately HK\$1.8 million of provision for impairment losses).

The Group recorded a net profit of approximately HK\$1.3 million for the Financial Year 2023 compared to the net loss of approximately HK\$9.0 million for the Financial Year 2022. The increase in net profit was mainly due to the increases in revenue and gross profit margin.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2023, the Group's current ratio was approximately 1.3 (31 December 2022: approximately 0.9). The Group had total assets of approximately HK\$71.5 million, which are financed by total liabilities and shareholders' equity of approximately HK\$48.1 million (31 December 2022: approximately HK\$52.5 million) and HK\$23.4 million (31 December 2022: approximately HK\$8.3 million), respectively. As at 31 December 2023, the Group had cash and bank balances of approximately HK\$11.9 million (31 December 2022: approximately HK\$3.6 million). As at 31 December 2023, the Group had interest-bearing debts of approximately HK\$20.5 million, which included bank and other borrowings and lease liabilities (31 December 2022: approximately HK\$23.7 million).

### **Gearing ratio**

The gearing ratio is calculated based on the total loans and borrowings and lease liabilities divided by total equity as at the respective reporting date. As at 31 December 2023, the Group recorded a gearing ratio of approximately 87.6% (31 December 2022: approximately 286.7%).

### **Capital Expenditure**

During the Financial Year 2023, there was a capital expenditure of approximately HK\$0.9 million which was used in the purchase of property, plant and equipment, compared to HK\$0.1 million for the Financial Year 2022.

### **Treasury Policy**

The Group adopts a prudent approach in capital management towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### **Foreign Exchange Exposure**

The Group mainly operates in Macau and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in HK\$ and Macau Pataca ("MOP"). The Group is exposed to currency risk arising from currency exposures primarily with respect to MOP, mainly attributable to the exposure on outstanding receivables and payables denominated in MOP.

Most of the MOP denominated monetary assets and liabilities at the end of the Financial Year 2023 are held under the Group's subsidiary in Macau. As MOP is pegged to HK\$, the foreign currency risk is considered insignificant, and hence the Group does not engage in any hedging activity.

## CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

The share capital of the Group only comprises of ordinary shares.

As at 31 December 2023, the Company's issued share capital was HK\$12,096,000 (31 December 2022: HK\$8,064,000) and the number of its issued ordinary shares was 241,920,000 (31 December 2022: 806,400,000) of HK\$0.05 each (31 December 2022: HK\$0.01 each).

On 17 May 2023, the Company implemented the increase in authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 shares to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,000,000,000 new unissued shares.

On 17 May 2023, the Company implemented the share consolidation on the basis that every five issued and unissued shares of HK\$0.01 each were consolidated into one consolidated share of the Company of HK\$0.05 each.

On 29 June 2023, the Company completed a rights issue and issued 80,640,000 rights shares at a subscription price of HK\$0.185 per rights share on the basis of one rights share for every two existing shares held by the qualifying shareholders on the record date (the “**Rights Issue**”), and the net proceeds of the Rights Issue, after deducting the related expenses, were approximately HK\$13.8 million. Details of the Rights Issue are set forth in the announcements dated 6 April 2023, 28 April 2023, 16 June 2023 and 28 June 2023, and prospectus dated 31 May 2023.

### USE OF PROCEEDS FROM RIGHTS ISSUE

The net proceeds from the Rights Issue amounted to approximately HK\$13.8 million. The below table sets out the intended use of net proceeds and utilisation of the net proceeds as at 31 December 2023:

	<b>Intended use of net proceeds</b>	<b>Amount of the net proceeds utilised as at 31 December 2023</b>	<b>Balance of the net proceeds unutilised as at 31 December 2023</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
General working capital of the Group	13.8	13.8	0.0

The net proceeds have been fully utilised as at 31 December 2023.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Availability of construction and civil engineering projects in Hong Kong and Macau**

Our results of operations are affected by the number and availability of construction and civil engineering projects from the public and private sectors in Hong Kong and construction projects from the private sector in Macau, which in turn are affected by various factors, including but not limited to the general economic conditions in Hong Kong and Macau, changes in government policies relating to the Hong Kong and Macau property markets, the general conditions of the property markets in Hong Kong and Macau, and the amount of investment in the construction of new infrastructure and improvement of existing infrastructure.

In the event that the availability of concrete demolition jobs decreases as a result of the decrease in the number of private and/or public sector projects in Hong Kong and/or Macau, our businesses and results of operations may be adversely and materially affected.

### **Our business is subject to the risk of cost overrun and job extension or delay**

In pricing a tender or quotation, we are required to estimate the job costs based on various factors such as (i) the estimated number and types of workers required; (ii) the estimated number and types of machinery required; and (iii) the need for subcontracting and machinery leasing. Any deviation between the estimated cost by the time we submit the tenders or quotations and the actual costs to complete the jobs may adversely affect our financial performance and profitability. For instance, if the actual progress of a project is slower than we anticipated, or if there is any delay or extension in the project schedule of main contractor, we may have to engage subcontractors and/or lease the required machineries for a longer period, and hence the amounts of subcontracting fees or machinery rental cost incurred may exceed our estimation. Further, in the case of job extension or delay, we may experience decrease in revenue derived given that the progress payment to us is based on works done by us on a monthly basis. There is no assurance that we would not experience cost overrun and job extension or delay, which may in turn adversely affect our profit margin and operating results.

### **Issue of labour shortage**

The construction industry, including the concrete demolition industry in Hong Kong and Macau has been facing the issue of labour shortage. The growing demand for construction works exacerbated the shortage issue and has been pushing up the daily wage of workers in concrete demolition industry in Hong Kong and Macau.

If our Group is unable to recruit or retain sufficient workers or fails to effectively manage our staff costs as a result of shortage of local labour supply, our business operations and financial performance may be materially and adversely affected.

## **RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS AND EMPLOYEES**

### **Customers**

We have established long-term relationships with a number of our customers who are primarily main contractors in the construction industry. The Group is of the view that a good relationship with customers, concrete demolition contracting service providers has an advantage in gaining new and repeated business. Therefore, our Directors believe that main contractors generally give priority to subcontractors with whom they are familiar and who have a proven track record in providing quality concrete demolition works in a timely manner. We are of the view that our long-term relationships with a number of our customers are our competitive advantages that cannot be easily replicated by other concrete demolition works subcontractors, and have enabled and will continue to enable us to differentiate ourselves in the industry in Hong Kong and Macau.

### **Suppliers and Subcontractors**

During the Financial Year 2023, our suppliers and subcontractors mainly consisted of lessors of machinery, suppliers of consumables and machinery parts, and transportation, courier service providers and subcontractors of concrete demolition works. We have established long-term relationship with a number of our suppliers. We believe our established relationships with these suppliers and subcontractors have been enabling us to take up jobs of various scales and service types and fulfill our customers' requirements. This could also ensure stable and timely delivery of materials or services from these suppliers, which in turn shall minimise potential disruption to our works.

### **Employees**

Our Directors consider that we have maintained good relationship with our employees in general. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Financial Year 2023.

## **EMPLOYEES AND EMOLUMENT POLICIES**

The Group had 85 full-time employees as at 31 December 2023 (31 December 2022: 85 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$47.1 million for the Financial Year 2023 as compared to HK\$36.6 million for the Financial Year 2022.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subjected to an annual review that are based on performance appraisals and other relevant factors. The Group strongly encourages internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited. Remuneration package is comprised of salary, a performance-based bonus, and other benefits including training and provident funds.

## **COMMITMENTS**

As at 31 December 2023, capital commitment was approximately HK\$0.5 million, which was used in the purchase of property, plant and equipment (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2023, there was no significant contingent liabilities for the Group (31 December 2022: Nil).

## **CHARGE OVER OUR GROUP'S ASSETS**

Pledged deposits of approximately HK\$14.8 million (31 December 2022: approximately HK\$14.6 million) have been pledged to banks to secure banking facilities.

As at 31 December 2023, certain of the Group's right-of-use assets with an aggregate carrying amount of approximately HK\$3.3 million (31 December 2022: approximately HK\$2.9 million) was used to secure certain of the lease liabilities of approximately HK\$2.7 million (31 December 2022: approximately HK\$2.6 million). As at 31 December 2023, no other loan (31 December 2022: approximately HK\$0.5 million) was secured by the Group's property, plant and equipment (31 December 2022: aggregate carrying amount of approximately HK\$0.2 million).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Financial Year 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2023.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**") on 22 November 2016 with its written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 of the Rules (the "**Listing Rules**") Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Chow Chun To, Mr. Chan Kwok Wing Kelvin and Mr. Tam Tak Kei Raymond, all being independent non-executive Directors.

The Group's consolidated financial statements for the Financial Year 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Financial Year 2023 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **CORPORATE GOVERNANCE PRACTICE**

The Company has applied the principles and code provisions in the CG Code. In the opinion of the Board, the Company has complied with the CG Code during the Financial Year 2023 except for the following deviation:

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung Shek On is the Chairman and the chief executive officer of our Company. In view that Mr. Cheung has been operating and managing our Group since our establishment, our Board believes that it is in the best interest of our Group to have Mr. Cheung taking up both roles for effective management and business development. In addition, major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management. The Board is therefore of the view that there are adequate safeguards in place to ensure the balance of power and authority within the Company.

## **COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company (the "**Shareholders**") nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Financial Year 2023.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings set out in the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) in respect of the shares of the Company (the “**Share(s)**”). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Financial Year 2023.

## **CHANGE OF INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of Directors in the Financial Year 2023 are set out below:

Mr. Tam Tak Kei Raymond resigned as an independent non-executive director of Green Economy Development Limited (stock code: 1315) in February 2023.

Mr. Kwok Shun Tim resigned as an executive Director and Vice Chairman of the Board with effect from 31 December 2023.

## **FINAL DIVIDENDS**

The Board did not recommend payment of final dividend to shareholders of the Company for the Financial Year 2023.

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

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.kinglandgroup.com.hk](http://www.kinglandgroup.com.hk). The annual report of the Company for the Financial Year 2023 will be dispatched to the Shareholders and will be available on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Kingland Group Holdings Limited**  
**CHEUNG Shek On**  
*Chairman and Executive Director*

Hong Kong, 26 March 2024

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