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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 2024

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 2024 (the “**Financial Year 2024**”), together with the audited comparative figures for the year ended 31 December 2023 (the “**Financial Year 2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | <i>Notes</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Revenue | 3 | 97,127 | 121,186 |
| Cost of sales | | (65,226) | (91,726) |
| Gross profit | | 31,901 | 29,460 |
| Other income and gains | 3 | 2,151 | 682 |
| (Provision for)/reversal of impairment losses on financial assets and contract assets | | (3,731) | 778 |
| Administrative and other operating expenses | | (28,844) | (28,490) |
| Operating gain | | 1,477 | 2,430 |
| Finance costs | 4 | (982) | (1,112) |
| Profit before income tax | 5 | 495 | 1,318 |
| Income tax expense | 6 | – | – |
| Profit and total comprehensive income for the year attributable to owners of the Company | | 495 | 1,318 |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Basic and diluted earnings per share | 7 | 0.20 | 0.57 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 |
|---|-------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 3,453 | 4,611 |
| Right-of-use assets | | 7,057 | 8,357 |
| | | <u>10,510</u> | <u>12,968</u> |
| Current assets | | | |
| Contract assets | | 15,557 | 16,762 |
| Trade and other receivables | 8 | 12,061 | 15,094 |
| Pledged bank deposits | | 15,259 | 14,757 |
| Cash and bank balances | | 8,520 | 11,882 |
| | | <u>51,397</u> | <u>58,495</u> |
| Total assets | | <u>61,907</u> | <u>71,463</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Capital and reserves | | | |
| Share capital | 9 | 12,096 | 12,096 |
| Reserves | | 11,784 | 11,289 |
| Total equity | | <u>23,880</u> | <u>23,385</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Other non-current liabilities | | 690 | 742 |
| Lease liabilities | | 1,800 | 3,845 |
| Deferred income | | 650 | – |
| | | <u>3,140</u> | <u>4,587</u> |

| | <i>Notes</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Current liabilities | | | |
| Bank overdrafts | | 9,847 | 9,651 |
| Borrowings | | 977 | 2,732 |
| Trade and other payables | 10 | 16,674 | 23,245 |
| Lease liabilities | | 4,477 | 4,250 |
| Deferred income | | 300 | – |
| Amounts due to directors | | 2,612 | 3,613 |
| | | <u>34,887</u> | <u>43,491</u> |
| Total liabilities | | <u>38,027</u> | <u>48,078</u> |
| Total equity and liabilities | | <u>61,907</u> | <u>71,463</u> |
| Net current assets | | <u>16,510</u> | <u>15,004</u> |
| Total assets less current liabilities | | <u>27,020</u> | <u>27,972</u> |

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 25 March 2025.

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**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the amendments to HKFRSs in the current year 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 New and amendments to HKFRSs in issue but not yet effective

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 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards Volume 11 ³ |
| Amendments to HKAS 21 | Lack of Exchangeability ² |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ⁴ |

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue | | |
| Provision of concrete demolition services | <u>97,127</u> | <u>121,186</u> |
| Other income and gains | | |
| Sundry income | 176 | 249 |
| Interest income | 814 | 329 |
| Government grant | 250 | 80 |
| Gain on disposal of property, plant and equipment | <u>911</u> | <u>24</u> |
| | <u>2,151</u> | <u>682</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:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|------------------------------------|-------------------------|-------------------------|
| Revenue (by location of customers) | | |
| – Hong Kong | <u>97,127</u> | <u>121,186</u> |

Information about major customers

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 19,894 | N/A ¹ |
| Customer B | 19,774 | N/A ¹ |
| Customer C | N/A ¹ | 37,426 |
| Customer D | N/A ¹ | 16,510 |
| Customer E | N/A ¹ | 13,799 |
| Customer F | <u>N/A¹</u> | <u>13,552</u> |

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. FINANCE COSTS

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Interest on bank overdrafts | 484 | 469 |
| Interest on lease liabilities | 430 | 442 |
| Interest on borrowings | 68 | 201 |
| | <u>982</u> | <u>1,112</u> |

5. PROFIT BEFORE INCOME TAX

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Included in cost of sales | | |
| Depreciation of property, plant and equipment | 3,549 | 4,787 |
| Depreciation of right-of-use assets | 1,124 | 679 |
| Staff costs | 25,081 | 30,653 |
| Included in administrative and other operating expenses | | |
| Auditors' remuneration | 690 | 690 |
| Depreciation of property, plant and equipment | 178 | 449 |
| Depreciation of right-of-use assets | 3,468 | 3,545 |
| Expense relating to short-term leases not included in the measurement of lease liabilities | 660 | 720 |
| Staff cost, including directors' emoluments | 18,142 | 16,401 |

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group companies have no taxable profits for the year ended 31 December 2024 and the Group companies have utilized tax losses brought forward to set off against the taxable profits for the year ended 31 December 2023.

7. EARNINGS PER SHARE

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit attributable to owners of the Company (<i>HK\$'000</i>) | 495 | 1,318 |
| Weighted average number of ordinary shares for the purpose of calculating earnings per share (<i>in thousand</i>) | 241,920 | 232,331 |
| Basic earnings per share (<i>HK cents</i>) | <u>0.20</u> | <u>0.57</u> |

The weighted average number of ordinary shares of 232,331,076 for the year ended 31 December 2023 in issue during 2023, as adjusted to reflect the effect of the share consolidation and the Rights Issue as disclosed in Note 9.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 December 2024 and 2023.

8. TRADE AND OTHER RECEIVABLES

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade receivables | 11,489 | 14,141 |
| Less: allowance for credit losses | <u>(5,399)</u> | <u>(5,220)</u> |
| | 6,090 | 8,921 |
| Other receivables, deposits and prepayments | <u>5,971</u> | <u>6,173</u> |
| | <u>12,061</u> | <u>15,094</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:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-------------|-------------------------|-------------------------|
| 0–30 days | 2,277 | 1,302 |
| 31–60 days | 2,341 | 5,232 |
| 61–90 days | 621 | 1,144 |
| 91–365 days | <u>851</u> | <u>1,243</u> |
| | <u>6,090</u> | <u>8,921</u> |

9. SHARE CAPITAL

| | Number of ordinary shares | Share capital HK\$'000 |
|--|------------------------------|------------------------------|
| Authorised | | |
| As at 1 January 2023 of HK\$0.01 each | 1,000,000,000 | 10,000 |
| Additional authorised share capital (<i>Note (a)</i>) | 1,000,000,000 | 10,000 |
| Share consolidation (<i>Note (a)</i>) | <u>(1,600,000,000)</u> | <u>–</u> |
| As at 31 December 2023 and 2024 of HK\$0.05 each | <u>400,000,000</u> | <u>20,000</u> |
| Issued and fully paid | | |
| As at 1 January 2023 of HK\$0.01 each | 806,400,000 | 8,064 |
| Share consolidation (<i>Note (a)</i>) | (645,120,000) | – |
| Issue of shares in respect of rights issue (<i>Note (b)</i>) | <u>80,640,000</u> | <u>4,032</u> |
| As at 31 December 2023 and 2024 of HK\$0.05 each | <u>241,920,000</u> | <u>12,096</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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Trade payables | 9,982 | 16,354 |
| Accruals and other payables | <u>6,692</u> | <u>6,891</u> |
| | <u>16,674</u> | <u>23,245</u> |

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0–30 days | 1,541 | 781 |
| 31–60 days | 612 | 948 |
| 61–90 days | 588 | 1,856 |
| Over 90 days | <u>7,241</u> | <u>12,769</u> |
| | <u>9,982</u> | <u>16,354</u> |

Trade payables are non-interest bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's principal activity is the provision of concrete demolition 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.

In the Financial Year 2024, our Group faced challenges as the global economy continued to suffer from prolonged high interest rates and geopolitical tensions. In Hong Kong, the construction industry experienced a slowdown due to reduced activities in the private sector. Despite these obstacles, our Group enhanced our gross profit margin. We sharpened our strategic focus by dedicating more resources to high-technology projects requiring advanced technical skills and innovative execution. We also implemented stringent cost control measures and optimised resource management.

The Chief Executive's 2024 Policy Address announced to expedite the implementation of economic and housing-related projects in the Northern Metropolis. This initiative is anticipated to revitalise the construction sector in the coming years. We are cautiously optimistic about the future and are dedicated to actively participating in project tenders to leverage emerging opportunities in the market.

FINANCIAL REVIEW

During the Financial Year 2024, our Group's revenue was mainly derived from concrete demolition business in Hong Kong. The Group's revenue for the Financial Year 2024 was approximately HK\$97.1 million, representing a decrease of approximately 19.9% from approximately HK\$121.2 million for the Financial Year 2023. The tailing off in turnover contribution from certain sizable projects as they approach project completion at the end of 2023 has lowered the turnover of the Group for the Financial Year 2024.

Our Group's gross profit increased from approximately HK\$29.5 million for the Financial Year 2023 to approximately HK\$31.9 million for the Financial Year 2024, and the gross profit margin increased from approximately 24.3% for the Financial Year 2023 to approximately 32.9% for the Financial Year 2024, which was mainly due to the decrease in machinery rental expenses and transportation expenses.

Administrative and other operating expenses slightly increased by approximately HK\$0.3 million (representing an increase of approximately 1.1%) to approximately HK\$28.8 million for the Financial Year 2024, compared with HK\$28.5 million for the Financial Year 2023, which remained stable.

For the Financial Year 2024, the Group recorded impairment losses on financial assets and contract assets amounting to approximately HK\$3.7 million (the Financial Year 2023: a reversal of impairment losses of approximately HK\$0.8 million). The Group wrote off trade receivables and contract assets totaling approximately HK\$4.4 million, as the recovery from certain entities within the same customer group is no longer deemed reasonably achievable.

The Group recorded a net profit of approximately HK\$0.5 million for the Financial Year 2024, compared to approximately HK\$1.3 million for the Financial Year 2023. The modest decrease in net profit of HK\$0.8 million was mainly due to the provision for impairment losses on trade receivables and contract assets.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group's current ratio was approximately 1.5 (31 December 2023: approximately 1.3). The Group had total assets of approximately HK\$61.9 million (31 December 2023: approximately HK\$71.5 million), which are financed by total liabilities and shareholders' equity of approximately HK\$38.0 million (31 December 2023: approximately HK\$48.1 million) and HK\$23.9 million (31 December 2023: approximately HK\$23.4 million), respectively. As at 31 December 2024, the Group had cash and bank balances of approximately HK\$8.5 million (31 December 2023: approximately HK\$11.9 million). As at 31 December 2024, the Group had interest-bearing debts of approximately HK\$17.1 million, which included bank and other borrowings and lease liabilities (31 December 2023: approximately HK\$20.5 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 2024, the Group recorded a gearing ratio of approximately 71.5% (31 December 2023: approximately 87.6%).

Capital Expenditure

During the Financial Year 2024, there was a capital expenditure of approximately HK\$2.6 million which was used in the purchase of property, plant and equipment, compared to HK\$0.9 million for the Financial Year 2023.

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 2024 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

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

As at 31 December 2024, the Company's issued share capital was HK\$12,096,000 (31 December 2023: HK\$12,096,000) and the number of its issued ordinary shares was 241,920,000 (31 December 2023: 241,920,000) of HK\$0.05 each (31 December 2023: HK\$0.05 each).

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 2024, 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 2024.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 86 full-time employees as at 31 December 2024 (31 December 2023: 85 full-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$43.2 million for the Financial Year 2024 as compared to HK\$47.1 million for the Financial Year 2023.

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 2024, capital commitment was approximately HK\$0.3 million, which was used in the purchase of property, plant and equipment (31 December 2023: approximately HK\$0.5 million).

CONTINGENT LIABILITIES

As at 31 December 2024, there was no significant contingent liabilities for the Group (31 December 2023: Nil).

CHARGE OVER OUR GROUP'S ASSETS

Pledged deposits of approximately HK\$15.3 million (31 December 2023: approximately HK\$14.8 million) have been pledged to banks to secure banking facilities.

As at 31 December 2024, certain of the Group's right-of-use assets with an aggregate carrying amount of approximately HK\$4.6 million (31 December 2023: approximately HK\$3.3 million) was used to secure certain of the lease liabilities of approximately HK\$3.6 million (31 December 2023: approximately HK\$2.7 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 2024.

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 2024.

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 2024.

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. Tam Tak Kei Raymond, Ms. Zhang Zhang and Mr. An Wen Long, all being independent non-executive Directors.

The Group's consolidated financial statements for the Financial Year 2024 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 2024 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 2024 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 2024.

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 2024.

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 2024 are set out below:

Mr. Tam Tak Kei Raymond was appointed as an independent non-executive director of China Next-Gen Commerce and Supply Chain Limited (Formerly known as S&T Holdings Limited) (stock code: 3928) in September 2024.

Mr. Tam Tak Kei Raymond resigned as an independent non-executive director of Yunhong Guixin Group Holdings Limited (Formerly known as MEIGU Technology Holding Group Limited) (stock code: 8349) in January 2025.

Mr. Chow Chun To resigned as an independent non-executive Director on 2 December 2024.

Ms. Zhang Zhang was appointed as an independent non-executive Director on 2 December 2024.

Mr. Chan Kwok Wing Kelvin resigned as an independent non-executive Director on 2 January 2025.

Mr. Xu Jiahao was appointed as and resigned as an independent non-executive Director on 2 January 2025 and 14 March 2025, respectively.

Mr. An Wen Long was appointed as an independent non-executive Director on 14 March 2025.

FINAL DIVIDENDS

The Board did not recommend payment of final dividend to shareholders of the Company for the Financial Year 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.kinglandgroup.com.hk. The annual report of the Company for the Financial Year 2024 will be despatched 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, 25 March 2025

As at the date of this announcement, the executive director is Mr. Cheung Shek On; and the independent non-executive directors are Mr. Tam Tak Kei Raymond, Ms. Zhang Zhang and Mr. An Wen Long.