

WORLD SUPER HOLDINGS LIMITED

維亮控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8612



2020
Annual Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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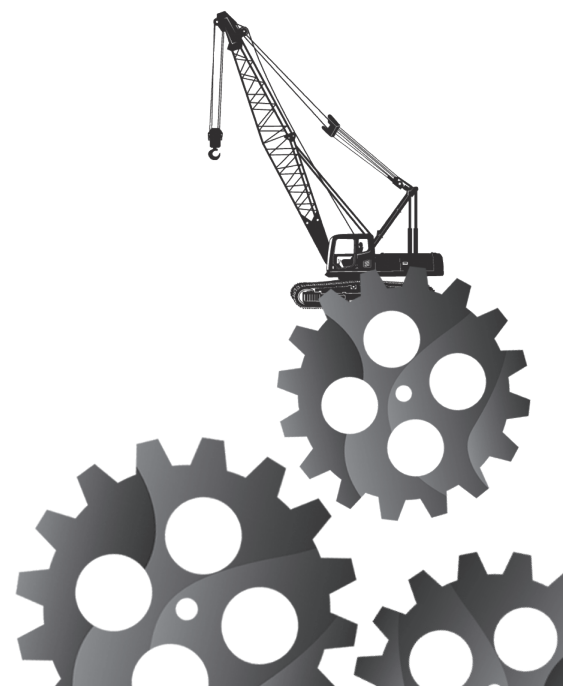
This report, for which the directors (the “Directors”) of World Super Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

SOU Peng Kan Albert (*Chairman*)
FOK Hei Yuen Paul
LAU Lawrence Tak Sun (appointed on 30 December 2020)

Non-executive Director

LEUNG Man Chiu Lawrence (resigned on 21 July 2020)

Independent Non-executive Directors

LEE Tak Fai Thomas
YAU Lut Pong Leo
YUE Wai Leung Stan

COMPLIANCE OFFICER

SOU Peng Kan Albert

COMPLIANCE ADVISER

Grand Moore Capital Limited
Unit 1607, 16/F., Silvercord Tower 1
30 Canton Road,
Tsim Sha Tsui
Hong Kong

AUTHORISED REPRESENTATIVES

SOU Peng Kan Albert
MAK Wai Kit

COMPANY SECRETARY

MAK Wai Kit

AUDIT COMMITTEE

LEE Tak Fai Thomas (*Chairman*)
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)
YAU Lut Pong Leo
YUE Wai Leung Stan

REMUNERATION COMMITTEE

YAU Lut Pong Leo (*Chairman*)
SOU Peng Kan Albert
FOK Hei Yuen Paul
LEE Tak Fai Thomas
YUE Wai Leung Stan

NOMINATION COMMITTEE

SOU Peng Kan Albert (*Chairman*)
LEE Tak Fai Thomas
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)
YAU Lut Pong Leo
YUE Wai Leung Stan

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3403, 34/F., AIA Tower
183 Electric Road, North Point
Hong Kong

AUDITOR

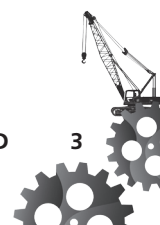
HLM CPA Limited
Certified Public Accountants
Rooms 1501-08, 15/F., Tai Yau Building,
181 Johnston Road,
Wanchai
Hong Kong

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands





CORPORATE INFORMATION

COMPANY WEBSITE

www.worldsuperhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17 Floor, Hopewell Centre
183 Queen's Road East
Wan Chai Hong Kong

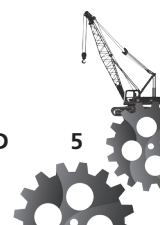
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FINANCIAL HIGHLIGHTS

RESULTS	Year ended 31 December				
	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Revenue	66,029,438	45,898,633	43,781,015	38,363,829	34,570,762
Gross profit	17,310,404	24,708,597	25,268,754	20,670,472	12,657,436
(Loss)/profit for the year	(14,752,304)	2,134,812	8,026,120	(679,240)	(4,232,771)
(Loss)/profit for the year (excluding listing expenses and gain or loss on disposal of plant and equipment)	(14,200,253)	7,038,435	9,344,376	3,482,153	(1,173,272)

SUMMARY OF ASSETS AND LIABILITIES	Year ended 31 December				
	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Total assets	181,553,076	173,977,450	125,792,738	100,501,973	106,245,216
Total liabilities	58,158,136	42,867,959	86,810,330	72,545,685	77,609,688
Net assets	123,394,940	131,109,491	38,982,408	27,956,288	28,635,528





CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of board of directors (the "Board") of World Super Holdings Limited (the "Company", together with its subsidiaries, the "Group") I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2020 to our shareholders and investors.

The Group recorded total revenue of approximately HK\$66.0 million for the year ended 31 December 2020, representing an increase of approximately 43.9% or HK\$20.1 million from approximately HK\$45.9 million for the year ended 31 December 2019. The Group turned to net loss of approximately HK\$14.8 million for the year ended 31 December 2020 from the net profit of approximately HK\$2.1 million for the year ended 31 December 2019, which was mainly due to (i) the decrease in plant hire income from our rental fleet of approximately 21.4% from approximately HK\$30.8 million for the year ended 31 December 2019 to approximately HK\$24.2 million for the year ended 31 December 2020 because of delay in commencement of our customers' projects; (ii) the increase in the allowance for expected credit losses on trade receivable of approximately HK\$7.5 million; and (iii) the increase in the repairs and maintenance expenses of approximately HK\$3.0 million, the effect of which is partially offset by the decrease in the listing expenses of approximately HK\$4.9 million.

The coronavirus pandemic which has been unfolding for more than one year continues to hamper domestic and global economy. The pandemic did not bring a catastrophic impact on the construction industry, yet it has presented challenges to the operating environment of the Group. Also, the business activities of the Groups' customers and overseas suppliers have been disrupted. The Group will continue to respond to the changing market environment.

I would like to take this opportunity to express my gratitude for the support from our business partners and customers over the years. I also would like to thank our dedicated management and staff to their contributions to the Group. The Group believes further expand the Group's business scope enable us to better grasp business opportunities in construction industry and lead to the business growth in the future.

Sou Peng Kan Albert

Chairman and Executive Director

Hong Kong, 25 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE PERFORMANCE

The Group recorded total revenue of approximately HK\$66.0 million for the year ended 31 December 2020, representing an increase of approximately 43.9% or HK\$20.1 million from approximately HK\$45.9 million for the year ended 31 December 2019. The total gross profit of the Group was approximately HK\$17.3 million for the year ended 31 December 2020, representing a decrease of approximately 29.9% or HK\$7.4 million from approximately HK\$24.7 million for the year ended 31 December 2019. The gross profit margin decreased to approximately 26.2% for the year ended 31 December 2020.

The Group turned to net loss of approximately HK\$14.8 million for the year ended 31 December 2020 from the net profit of approximately HK\$2.1 million for the year ended 31 December 2019, which was mainly due to (i) the decrease in plant hire income from our rental fleet of approximately 21.4% from approximately HK\$30.8 million for the year ended 31 December 2019 to approximately HK\$24.2 million for the year ended 31 December 2020 because of delay in commencement of our customers' projects; (ii) the increase in the allowance for expected credit losses on trade receivable of approximately HK\$7.5 million; and (iii) the increase in the repairs and maintenance expenses of approximately HK\$3.0 million, the effect of which is partially offset by the decrease in the listing expenses of approximately HK\$4.9 million.

Loss per share of the Group for the year ended 31 December 2020 was approximately HK2.27 cents. The Directors do not recommend payment of a final dividend for the year ended 31 December 2020.

BUSINESS REVIEW

Our Group mainly undertakes (i) provision of rental services of crawler cranes, oscillators, a kind of board piling machine working with drill-string to drill through the hard rock to the designated depth (the "RCD") and hydromill trench cutters for construction projects mainly in Hong Kong and/or Macau; (ii) trading of new or used crawler cranes, RCDs, trench cutters, oscillators and/or related spare parts to customers in Hong Kong, Macau and Philippines; and (iii) to a lesser extent, provision of transportation services in delivering our machinery to and from customers' designated sites and other services such as arrangement of set-up and repair of machinery for customers of our plant hire service, arrangement of insurance for customers of our plant hire service for projects outside Hong Kong and marketing of construction machinery for our machinery suppliers; (iv) provision of construction works which included foundation works and ancillary services; (v) developing and operating electronic and household products trading platform and trading of electronic and household products; and (vi) provision of money lending services.

Plant hire

Our plant hire service mainly involves rental of crawler cranes, casing oscillators, RCDs and hydromill trench cutter to customers for the use in their construction projects. We source new construction machinery for our plant hire service mainly from German, Korean and Austrian manufacturers or their affiliates in Hong Kong, while our used construction machinery is sourced from local or overseas traders in countries such as China, Korea and Singapore. We also lease certain construction machinery from other construction machinery service providers for subleasing to our customers.

The plant hire income decreased from approximately HK\$36.0 million for the year ended 31 December 2019 to approximately HK\$33.1 million for the year ended 31 December 2020. The decrease was due to less owned fleet was used.





MANAGEMENT DISCUSSION AND ANALYSIS

General sales from trading of machinery, tools and parts

Our trading of construction machinery, tools and parts mainly involves sales of new or used crawler cranes, RCDs, trench cutters, casing oscillators and/or related spare parts, tools, or oil and lubricant to customers. In case the construction machinery or spare part required by our customers is not available in our rental fleet, or our customers request for new construction machinery, we will seek and check with our suppliers and acquire relevant construction machinery or spare part (if available) for our customers.

The general sales increased from approximately HK\$7.9 million for the year ended 31 December 2019 to approximately HK\$18.2 million for the year ended 31 December 2020. The increase was mainly due to the increase in trading of tools and parts.

Provision of transportation and other services

We provide transportation services in delivering our machinery to and from customers' designated sites and other services such as set-up and repair of machinery for customers of our plant hire service, arrangement of insurance for customers of our plant hire service for projects outside Hong Kong and marketing of construction machinery for our machinery suppliers.

The transportation and other services income increased from approximately HK\$2.0 million for the year ended 31 December 2019 to approximately HK\$3.1 million for the year ended 31 December 2020. The increase was mainly due to more transportation service fees charged to customers.

Foundation works and ancillary services

In April 2020, the Group established a wholly-owned subsidiary, namely Richmax Construction Engineering Limited ("Richmax") which was incorporated in Hong Kong with limited liability. Richmax is a foundation contractor, principally engaged in (i) provision of construction works which included foundation works and ancillary services; and (ii) specialising in board piling works.

During the year ended 31 December 2020, no revenue was generated from the foundation works and ancillary services business (2019: HK\$Nil).

E-commerce trading platform and trading of electronic and household products

In August 2020, the Group established a wholly-owned subsidiary, namely Yummy Network Technology Company Limited ("Yummy Network") which was incorporated in Hong Kong with limited liability. Yummy Network is principally engaged in internet trading platform development which starts up by including electronic and household products e-commerce trading sales, maintenance of information system, and development of trading network in Hong Kong and China.

In order to face the threat of coronavirus ("COVID-19"), the Group accelerates the development progress of internet trading platform, market resources integration and e-marketing. The transformation from traditional offline transactions to online transactions provides fairer, faster, transparent and traceable transactions for customers 24-hour a day.

The development of the platform converts the traditional business models of trading business to e-commerce model and is expected to connect the upstream, midstream and downstream of industry chain.

MANAGEMENT DISCUSSION AND ANALYSIS

The effective integration and collaboration of industrial chains eliminate the excessive transaction costs arising from the control of information, finance and logistics by integrating the operation flows of information, capital and logistics resources. It aims to gain value-added advantage by making use of cloud computing, big data, and supply chain finance. The Group believes that Yummy Network can broaden the Group's revenue source and reduce its reliance upon the existing business.

During the year ended 31 December 2020, the revenue generated from this segment was approximately HK\$11.6 million (2019: HK\$Nil). The Group sees the strong growth opportunities in the e-commerce trading platform and trading of electronic and household products business in China. Increasing retail sales have been conducted via e-commerce over the past year due to the wide spread of social commerce apps which promote the sales with livestreaming and short-video favoured by young generation. The Group expects to deploy more resource on development of e-commerce trading platform and trading of electronic and household products business in China and continues to identify co-operation and/or investment opportunities in this sector to grow along with the expansion of China's e-commerce market.

Money Lending

In September 2020, World Super Capital Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group believes that the money lending business would extend the scope of the Group's existing business and diversify its business segment with a view to broaden the Group's revenue streams, enhance its profitability and achieve better return for the shareholders.

During the year ended 31 December 2020, the revenue generated from the money lending business was approximately HK\$0.1 million (2019: HK\$Nil).

Prospects

The COVID-19 pandemic which has been unfolding for more than one year continues to hamper domestic and global economy. The pandemic did not bring a catastrophic impact on the construction industry, yet it has presented challenges to the operating environment of the Group. Also, the business activities of the Groups' customers and overseas suppliers have been disrupted. The Group will continue to respond to the changing market environment.

The Group believes the new businesses can benefit the long-term development of the Group and reduce its reliance upon the existing business. The Group will continue to widen its clientele and source of income to generate fruitful returns for its shareholders.

FINANCIAL OVERVIEW

Revenue

The Group's revenue includes plant hire income from leasing of construction machinery, general sales from trading of construction machinery, tools and parts, transportation and other services income, trading of electronic and household products and interest income from money leading business.

The Group's revenue increased from approximately HK\$45.9 million for the year ended 31 December 2019 to approximately HK\$66.0 million for the year ended 31 December 2020, representing an increase of approximately 43.9% which mainly due to the increase in trading of tools and parts and trading of electronic and household products. The increase in revenue from trading of tools and parts is due to a private building project regarding new phases of a Macau casino. The trading of electronic and household products segment, which was set up in August 2020, generated approximately HK\$11.6 million revenue for the year ended 31 December 2020.



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales and services

Cost of sales and services mainly include product purchases, machinery rent paid and depreciation on plant and machinery. For the year ended 31 December 2020, the Group's cost of sales and services amounted to approximately HK\$48.7 million (2019: approximately HK\$21.2 million). The increase in cost of sales and services was mainly due to the increase in product purchase which was in line with the increase in the general sales from trading of tools and parts and trading of electronic and household products.

Gross Profit and Gross Profit Margin

The gross profit and gross profit margin of the Group were approximately HK\$17.3 million and approximately 26.2% for the year ended 31 December 2020, respectively.

Net other (Expenses)/Income

Net other (expenses)/income mainly represents the gain/(loss) on disposal of plant and equipment, bank interest income and net exchange gain/(loss). The Group turned to net other expenses of approximately HK\$0.5 million for the year ended 31 December 2020 from the net other income of approximately HK\$0.5 million for the year ended 31 December 2019, which was mainly due to the increase in the loss on disposal of plant and equipment to approximately HK\$0.6 million for the year ended 31 December 2020 from approximately HK\$36,000 for the year ended 31 December 2019.

Finance Costs

Finance costs of the Group amounted to approximately HK\$1.6 million for the year ended 31 December 2020 (2019: approximately HK\$3.0 million). The decrease in finance costs was mainly due to less interest incurred on the finance leases during the year ended 31 December 2020, the Group utilised the net proceeds raised by the listing to repay of finance leases during the year ended 31 December 2019.

Administrative Expenses

Administrative expenses mainly include staff costs, depreciation on right of use assets and listing expenses. For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately HK\$22.4 million (2019: approximately HK\$14.0 million). The increment is mainly due to the increase in (1) the allowance for expected credit losses on trade receivable; (2) the staff cost; and (3) listing-related expenses (including the increase in auditor's remuneration, director's fee and compliance advisory fee incurred after the listing), the effect of which is partially offset by the decrease in the listing expenses.

Taxation

The Group turned to income tax credit of approximately HK\$18,000 for the year ended 31 December 2020 from income tax expenses of approximately HK\$2.0 million for the year ended 31 December 2019, the change was mainly because of the decrease in taxable profit for the year ended 31 December 2020.

There is no Macau, Philippines and Uzbekistan tax implication during both periods. Macau and Uzbekistan segment result is included in Hong Kong tax implication during both periods.

Loss for the Year

The Group turned to net loss of approximately HK\$14.8 million for the year ended 31 December 2020 from the net profit of approximately HK\$ 2.1 million for the year ended 31 December 2019, which was mainly due to (i) the decrease in plant hire income from our rental fleet of approximately 21.4% from approximately HK\$30.8 million for the year ended 31 December 2019 to approximately HK\$24.2 million for the year ended 31 December 2020 because of delay in commencement of our customers' projects; (ii) the increase in the allowance for expected credit losses on trade receivable of approximately HK\$7.5 million; and (iii) the increase in the repairs and maintenance expenses of approximately HK\$3.0 million, the effect of which is partially offset by the decrease in the listing expenses of approximately HK\$4.9 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, internally generated cash flow and proceeds received from the placing of the Company's shares.

On 23 July 2020, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 120,000,000 new ordinary shares of HK\$0.01 each at the placing price of HK\$ 0.061 per share by way of placing to not less than six independent placees (the "Placement"). As at the date of the placing agreement, the closing market price of the Company's share as quoted on the Stock Exchange was HK\$0.064 per share.

On 6 August 2020, the Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK\$7.0 million and used for general working capital of the Group.

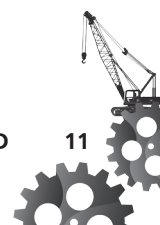
As at 31 December 2020, the Group had bank balances and cash of approximately HK\$2.3 million (2019: approximately HK\$25.9 million) and pledged bank deposits of approximately HK\$2.9 million (2019: approximately HK\$2.9 million). The decrease was mainly due to the purchase of plant and equipment.

The interest-bearing loans of the Group as at 31 December 2020 was approximately HK\$40.1 million (2019: approximately HK\$29.5 million).

The scheduled repayment date of the Group's bank borrowings and obligation under finance lease amounting to approximately HK\$32.4 million (2019: HK\$28.1 million), as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2020	2019
	HK\$	HK\$
Within 1 year	17,229,333	11,724,852
Between 1 and 2 years	7,045,320	5,948,514
Between 2 and 5 years	8,095,548	10,441,442
Total	32,370,201	28,114,808

As at 31 December 2020, the Group did not have any convertible bonds.





MANAGEMENT DISCUSSION AND ANALYSIS

The gearing ratio is calculated based on the amount of total interest bearing loans divided by total equity. The gearing ratio of the Group as at 31 December 2020 was approximately 32.5% (2019: approximately 22.5%).

The capital structure of the Company comprises of equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Company. As part of the review, the Directors consider the cost of capital and the associated risks of various types of capital.

Trade Receivable Turnover Days

The trade receivable and trade receivables turnover days increase from approximately HK\$15.3 million and approximately 102 days for the year ended 31 December 2019 to approximately HK\$34.3 million and approximately 137 days for the year ended 31 December 2020 respectively. Our accounting and human resource department would monitor the trade receivable on a monthly basis and assess whether any bad debt should be provided based on the monthly trade receivable ageing report, which would be reviewed by our Directors. When overdue amount is located, our commercial and administrative department would contact customers for settlement.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. 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 commitment can meet its funding requirements.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2020, there was no significant investment held by the Group.

PLEDGE OF ASSETS

The Group's plant and machinery with aggregate carrying amounts of approximately HK\$37.8 million and HK\$37.0 million; motor vehicles with an aggregate net book value of approximately HK\$0.2 million and HK\$0.3 million and trade receivable with carrying amounts of approximately HK\$19.5 million and HK\$Nil as at 31 December 2020 and 2019, respectively, were pledged under finance leases and bank borrowings.

As at 31 December 2020, the Group has pledged bank deposit of approximately HK\$2.9 million (2019: approximately HK\$2.9 million) to secure the bank facilities granted to the Group. Save for the above disclosed, the Group did not have any charges on its assets.

RISK MANAGEMENT

The Group was primarily exposed to (i) operational risks in relation to its business; (ii) credit risks relating to accounts receivable; and (iii) market risks.

Operational risk management

Chief operating officer of the Group is responsible for monitoring our operations and assessing the operational risks. He will report any irregularities in connection with our operations to our Directors and seek for directions.

The Group emphasises on ethical value and prevention of fraud and corrupt practice. The Group has established whistleblower programme in the operation manual, including methodologies to report any irregularities and confidentiality.

Credit risk management

The Group is exposed to credit risks in relation to the collectability of our trade receivables, which will cause a financial loss to the Group due to failure to discharge the payment obligation by the counterparties. Our commercial and administration department manages the settlement of account receivables, including the follow up of outstanding payments and reconciliation of relevant receivables with customers on regular basis to understand if any bad debt provision is necessary. Our commercial and administration department will follow up in writing with account receivables past due over 90 days.

Our accounting and human resources department reviews account receivables and relevant credit terms as well as monitors receivables aging on monthly basis. For past due account receivables, our accounting and human resources department will notify the commercial and administration department to communicate with relevant customers. Our accounting and human resources department conducts assessment by performing account receivables aging analysis on quarterly basis and report to our Directors for approval on any bad debt provisions. Our commercial and administration department will continue to follow up with relevant customers for settlement of the outstanding payments.

Market risk management

The Group is exposed to general market risks related to changes in macroeconomic environment and movements in market variables such as gross domestic product, interest rates, and other market changes. Our Directors are responsible for monitoring activities in the market to identify and assess the potential risks and from time to time formulate policies to mitigate these market risks.

Foreign exchange risk

The Group mainly operates in Hong Kong and Macau and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and United States dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the period.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any significant capital commitments (2019: HK\$Nil).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have material contingent liabilities (2019: HK\$Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2020, the Group did not have the plans for material investments and capital assets acquisition.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2020, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 24 full-time employees (not including our Directors) and 4 part-time employees (2019: 13 full-time employees and 2 part-time employees). Our total staff cost (including directors emoluments, directors' quarters, wages, salaries and allowance, staff welfare and contributions to defined contribution retirement plant) for the years ended 31 December 2020 and 2019 amounted to approximately HK\$11.2 million and HK\$7.5 million respectively. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences. The Company has adopted a share option scheme to reward the eligible participants for their contribution to the Group. The Group also provides internal training to our staff.

USE OF PROCEEDS

Use of Net Proceeds Raised by Share Offer Dated 12 July 2019

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 12 July 2019 (the "Listing"). The net proceeds, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, from the Share Offer (as defined in the Prospectus) received by the Company was approximately HK\$55.3 million.

Use of net proceeds	Planned amount as stated in the Prospectus HK\$ million	Actual amount utilised up to 31 December 2020 HK\$ million	Actual balance as at 31 December 2020 HK\$ million	Expected timeline for utilisation of unutilised net proceeds as at 31 December 2020
Purchasing new construction machinery for strengthening our rental fleet (note (a))	15.3	15.3	—	—
Settlement of remaining amount of consideration payable for a newly acquired crawler crane	10.3	10.3	—	—
Recruiting and expanding our team of skilled and technical personnel (note (b))	1.5	0.7	0.8	January - December 2021
Repayment of bank borrowings and finance leases	22.7	22.7	—	—
General working capital	5.5	5.5	—	—
Total	55.3	54.5	0.8	

Note

- (a) On 8 July 2020, the Board resolved to change the unutilised net proceeds. For details, please refer to the Company's announcement dated 8 July 2020.
- (b) The amount utilised up to 31 December 2020 is less than the amount set out in the section headed "Implementation Plans" of the Prospectus because suitable candidates were successfully hired later than the implementation plan.

Use of Net Proceeds Raised by Placing Dated 6 August 2020

On 23 July 2020, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 120,000,000 new ordinary shares of HK\$0.01 each at the placing price of HK\$ 0.061 per share by way of placing to not less than six independent places (the "Placement"). As at the date of the placing agreement, the closing market price of the Company's share as quoted on the Stock Exchange was HK\$0.064 per share. On 6 August 2020, the Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK\$7.0 million and will be used for general working capital of the Group.

As at 31 December 2020, the Group had used all the net proceeds of approximately HK\$7.0 million for general working capital of the Group.

EVENT AFTER THE REPORTING PERIOD

Details of the event after the reporting period are disclosed in note 35 to the consolidated financial statements.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. SOU Peng Kan Albert (former name: So Ping Kan) (蘇秉根) (“Mr. Sou”), aged 68, is our executive Director, our Chairman, our Chief Executive Officer and one of our controlling shareholders. Mr. Sou joined our Group when he became a director of World Super Limited upon its incorporation in July 1997. He was appointed as our Director on 26 February 2016 and was redesignated as an executive Director on 26 April 2017. He is primarily responsible for overseeing management and strategic planning and development of our Group’s business operations. Mr. Sou has over 30 years of experience in the construction machinery rental and construction equipment trading industry. Mr. Sou completed his secondary education at Colegio Diocesano de Sao Jose 2nd & 3rd Branch in Macau in 1967.

Mr. FOK Hei Yuen Paul (霍熙元) (“Mr. Fok”), aged 73, joined our Group as a director of World Super Limited on 23 July 1997. Mr. Fok was appointed as our executive Director on 26 April 2017. He is primarily responsible for overseeing our Group’s operation and finance. Mr. Fok had over 45 years of working experience in audit and accounting.

Mr. Fok obtained a higher diploma in accountancy from The Hong Kong Technical College (now known as The Hong Kong Polytechnic University) in July 1969. Mr. Fok became a fellow member of The Institute of Chartered Accountants in England and Wales in February 2015, a fellow member of the Hong Kong Society of Accountants (now known as The Hong Kong Institute of Certified Public Accountants) in March 1979 and a fellow member of The Association of Certified Accountants (now known as The Association of Chartered Certified Accountants) in September 1978. Mr. Fok was also admitted as an associate member of The Institute of Chartered Secretaries and Administrators in September 1972.

Mr. LAU Lawrence Tak Sun (劉德生) (“Mr. Lau”), age 41, was appointed as an executive Director on 30 December 2020. Mr. Lau has been the project manager of the Group since November 2020. Mr. Lau holds a bachelor’s degree in business administration from the School of Business Administration in Northeastern University in Boston Massachusetts in the United States in 2003. He has over 10 years of extensive experience in the real estate industry in Hong Kong and the People’s Republic of China (the “PRC”). Mr. Lau started his career in auditing and assurance at KPMG, an international audit firm where he mainly focused in the real estate sector in the PRC. Prior to joining our Group, Mr. Lau held senior management positions at Lai Sun Development Company Limited (the “Lai Sun Group”) from 2010 to 2018, during which he served as the vice president of Lai Sun Development Company Limited, a company listed on the Main Board of the Stock Exchange with stock code 488. Mr. Lau also served as the executive director of Furama Hotels and Resorts International Limited which is a wholly owned subsidiary of the Lai Sun Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Tak Fai Thomas (李德輝) (“Mr. Lee”), aged 54, was appointed as our independent non-executive Director on 21 June 2019. Mr. Lee has over 25 years of experience in the audit and accounting field, specialising in assurance services of listed companies, merger and acquisition, tax planning and management consultancy.

Mr. Lee obtained a diploma in accounting from the Hong Kong Shue Yan College (now known as the Hong Kong Shue Yan University) in July 1991. He then attained a master’s degree in professional accounting from The Hong Kong Polytechnic University in November 2004 and a master’s degree in business administration from the University of Leicester, England in January 2005 through long distance learning course. Mr. Lee became an associate member of the Hong Kong Society of Accountants (now known as The Hong Kong Institute of Certified Public Accountants) in June 1997. He became a fellow member of The Association of Chartered Certified Accountants in January 2002.

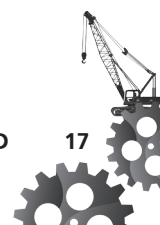
Mr. YAU Lut Pong Leo (丘律邦) (“Mr. Yau”), aged 34, was appointed as our independent non-executive Director on 21 June 2019. Mr. Yau obtained a bachelor’s degree in business administration from The Hong Kong Shue Yan University in July 2009 and a bachelor’s degree of law from the City University of Hong Kong in July 2013. He completed the postgraduate certificate in laws in The University of Hong Kong in June 2015. Mr. Yau was admitted as a solicitor of the High Court in Hong Kong in May 2018. He was accredited as a mediator of the Hong Kong Mediation Centre in September 2010 and a general mediator of The Hong Kong Mediation Accreditation Association Limited in April 2013. He was admitted as an associate member of Hong Kong Institute of Arbitrators in August 2011 and an associate of The Chartered Institute of Arbitrators in January 2013.

Mr. Yue Wai Leung Stan (余偉亮) (“Mr. Yue”), aged 60, was appointed as our independent non-executive Director on 21 June 2019. He has over 20 years of experience in the finance and administrative sectors in both private and public companies in Hong Kong and the PRC.

Mr. Yue obtained a bachelor’s degree in administrative studies from York University in Toronto, Canada in June 1984. He was admitted as a member of the American Institute of Certified Public Accountants in September 1992 and as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in December 1992.

Mr. Yue also held directorships in the following listed companies in Hong Kong and Singapore:

Name of company	Stock code	Positions held	Period of Services
China New Town Development Company Limited	1278 (HK) and D4N. Si (Singapore)	Independent non-executive director	June 2009 – July 2011 and August 2013 – March 2014
		Executive director	September 2006 – June 2009 and July 2011 – August 2013
SRE Group Limited	1207 (HK)	Executive director	June 2009 – July 2011





BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. KAN Walter (簡偉德) (“Mr. Kan”), aged 51, is our Chief Operating Officer and is primarily responsible for overall management of our business operations and development. Mr. Kan joined our Group as sales engineer in January 2002. He has over 17 years of working experience in the construction machinery rental and construction equipment trading industry. Mr. Kan obtained a diploma in computer engineering technology from Seneca College of Applied Arts and Technology, Canada in December 1997.

Mr. Kan has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. MAK Wai Kit (麥偉杰) (“Mr. Mak”), aged 41, is the financial controller, company secretary and authorised representative of the Company and is primarily responsible for overseeing our Group’s operation and finance. He joined our Group as financial controller and was appointed as our company secretary in April 2018.

He has over 17 years of working experience in accounting and auditing fields. Prior to joining our Group, Mr. Mak has held directorship and senior management position in the following listed company in Hong Kong:

Name of company	Stock code	Position held	Period of services
Winto Group (Holdings) Limited	08238	Executive director	April 2015 to March 2018
		Company secretary	March 2014 to April 2018
		Financial controller	September 2012 to March 2018

Prior to that, Mr. Mak served in Deloitte Touche Tohmatsu with his last position as a manager from April 2005 to September 2012. From March 2004 to March 2005, he worked in the audit department of RSM Nelson Wheeler. From June 2002 to March 2004, he worked in Prime & Co. with his last position as a semi-senior auditor.

Mr. Mak obtained his bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 2002. He was admitted as a certified public accountant of The Hong Kong Institute of Certified Public Accountants in July 2007.

CHANGE IN DIRECTORS’ INFORMATION

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company’s last third quarterly report.

CORPORATE GOVERNANCE REPORT

BUSINESS MODEL AND STRATEGY

The Group's mission is to establish a strong presence in the construction industry with its successful experience in the construction machinery rental and trading business with a view to a long term profitability and assets growth. This will be achieved by way of adoption of flexible business model and proactive business strategies. More details of the Group's business development and performance and financial review for the year 2020 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. The Directors of the Company consider that the Company has applied and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2020 and up to the date of this report except for Code Provision A.2.1 and E.1.5.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company does not have a separate Chairman and CEO and Mr. Sou Peng Kan Albert currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making in response to the changing environment. Our Board believes that the balance of power and authority under this arrangement will not be impaired and is adequately ensured by the six-member composition of our Board, including three executive Directors and three independent non-executive Directors.

Under the Code Provision E.1.5, the Company should have a policy on payment of dividends and should disclose it in its annual report. The Company does not have a dividend policy and the Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Group's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors which is on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions throughout the year ended 31 December 2020.



CORPORATE GOVERNANCE REPORT

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the Directors and officers of the Company.

BOARD OF DIRECTORS

The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises six Directors of which three are executive Directors and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

There is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board.

The Group will continue to update the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's present composition is as follows:

Executive Directors

SOU Peng Kan Albert (*Chairman*)

FOK Hei Yuen Paul

LAU Lawrence Tak Sun (appointed on 30 December 2020)

Independent Non-executive Directors

LEE Tak Fai Thomas

YAU Lut Pong Leo

YUE Wai Leung Stan

LEUNG Man Chiu Lawrence was a non-executive Director who resigned on 21 July 2020.

ROLE AND FUNCTION OF THE BOARD AND THE MANAGEMENT

The Company has set out the respective functions and responsibilities which can be reserved to the Board and delegated to management or Board committees. The Board delegates day to-day operations of the Group to management while reserving certain key matters, mainly relating to the approval and monitoring of the Group's overall strategies, policies and business plans; and overseeing and evaluating the performance of the Group. It is also responsible for promoting the success of the Group and its businesses by directing and supervising the Group's affairs. Board committees for specific functions are also set up to ensure efficient Board operations. The composition and functions of each Board committee and their major roles and function are described below. The final decision still rests with the Board unless otherwise provided for in the terms of reference of the relevant committees.

BOARD DIVERSITY

In compliance with the requirement set out in Code Provision A.5.6 of the CG Code, the Company has adopted diversity policy ("Board Diversity Policy") which sets out its approach to achieve diversity on the Board, and a sustainable and balance development of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry experience. The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board comprises six members, including three executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences from construction machinery rental, construction equipment trading, legal, finance, administration, auditing and accounting fields. Furthermore, the ages of our Directors' age range from 34 to 73 years old. While we recognise that gender diversity at the Board level can be improved given its current composition of all-male Directors, our principle of Directors' appointments will continue to be primarily based on merits with reference to our Board Diversity Policy as a whole. Despite the construction machinery industry has been a male-dominant industry, our Company will strive to enhance gender diversity at the Board level in recognising the particular importance of gender diversity. Our Nomination Committee will identify and recommend one female candidate to our Board for consideration of her appointment as a Director within two years from the shares of the Company were successfully listed on the GEM of the Stock Exchange on 12 July 2019 (the "Listing Date"). We will commit to look for suitable female candidates to join our Group and to provide career development and training opportunities to our female staff such that they will be eligible for managerial and board-level positions in future.

Effective implementation of the Board Diversity Policy allows our shareholders to be able to judge for themselves whether our Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support. To this end, our shareholders will be provided with detailed information of each candidate for appointment or re-election to our Board through publication of announcements and circulars published prior to general meetings of our Company.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After Listing, our Nomination Committee will review our Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our Board Diversity Policy in our corporate governance report on an annual basis.



CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the year ended 31 December 2020, the Board held 8 board meetings and the attendance of each director is set out as follows:

	Number of Board meetings Attended/Held
Executive Directors	
SOU Peng Kan Albert (<i>Chairman</i>)	8/8
FOK Hei Yuen Paul	8/8
LAU Lawrence Tak Sun (appointed on 30 December 2020)	N/A
Non-executive Director	
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)	3/3
Independent Non-executive Directors	
LEE Tak Fai Thomas	8/8
YAU Lut Pong Leo	8/8
YUE Wai Leung Stan	8/8

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Director has entered into a service contract with the Company with an initial term of three years commencing on 21 June 2019 for Mr. Sou Peng Kan Albert and Mr. Fok Hei Yuen Paul and 30 December 2020 for Mr. Lau Lawrence Tak Sun subject to provisions contained therein. The three independent non-executive Directors have entered into a service contract with the Company with an initial term of one year commencing on 1 July 2020 subject to provisions contained therein.

In compliance with the code provision in A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. They have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contribution to the Company. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has three independent non-executive Directors, representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

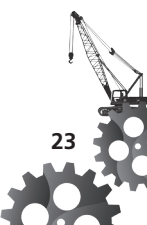
DIRECTORS' PARTICIPATION IN CONTINUOUS PROFESSIONAL TRAININGS

During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary.

For the year ended 31 December 2020, all Directors participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included reading materials and/or attending training courses.

The Directors received the following training for the year ended 31 December 2020 according to the records provided by Directors:

	Updates on laws, rules & regulations/ management and other professional skills and self-reading
<i>Executive Directors</i>	
SOU Peng Kan Albert	✓
FOK Hei Yuen Paul	✓
LAU Lawrence Tak Sun (appointed on 30 December 2020)	✓
<i>Non-executive Director</i>	
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)	✓
<i>Independent Non-executive Directors</i>	
LEE Tak Fai Thomas	✓
YAU Lut Pong Leo	✓
YUE Wai Leung Stan	✓





CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 21 June 2019 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of our Audit Committee are (i) to review and monitor the independent and objective role of the external auditor to our Company; (ii) to make recommendations to our Board on the appointment and removal of the external auditor; (iii) to review the financial statement and material advice in respect of financial reporting process of our Group; (iv) oversee the risk management and internal control systems of our Group; and (v) to monitor any continuing connected transactions.

The Audit Committee currently consists of all three independent non-executive Directors, Mr. Lee Tak Fai Thomas, Mr. Yau Lut Pong Leo and Mr. Yue Wai Leung Stan. Mr. Lee Tak Fai Thomas is the chairman of the Audit Committee. The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group, and discussing auditing, internal control, risk management and financial reporting matters including the review of annual results and financial statements for the year ended 31 December 2020.

Four Audit Committee meetings were held during the year ended 31 December 2020. The attendance was as follows:

	Number of meetings Attended/Held
LEE Tak Fai Thomas (<i>Chairman</i>)	4/4
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)	2/2
YAU Lut Pong Leo	4/4
YUE Wai Leung Stan	4/4

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 21 June 2019 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Remuneration Committee include (i) the formulation and the recommendation to the Board on our Company's policies and structures for the remuneration of all of our Directors and senior management of our Company; (ii) the establishment of a formal and transparent procedure for developing policy on remuneration; (iii) the determination of specific remuneration packages of all executive Directors and senior management in the manner specified in the terms of reference; (iv) the recommendation to the Board of the remuneration of non-executive Directors; (v) review and approval of performance based remuneration; and (vi) review and recommendation to our shareholders as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the prior approval of our shareholders in any general meeting pursuant to the GEM Listing Rules.

The Remuneration Committee consists of two executive Directors, Mr. Sou Peng Kan Albert and Mr. Fok Hei Yuen Paul, and three independent non-executive Directors, Mr. Yau Lut Pong Leo, Mr. Lee Tak Fai Thomas and Mr. Yue Wai Leung Stan. Mr. Yau Lut Pong Leo is the chairman of the Remuneration Committee.

During the year ended 31 December 2020, two Remuneration Committee meetings were held. The attendance was as follow:

	Number of meetings Attended/Held
YAU Lut Pong Leo (<i>Chairman</i>)	2/2
SOU Peng Kan Albert	2/2
FOK Hei Yuen Paul	2/2
LEE Tak Fai Thomas	2/2
YUE Wai Leung Stan	2/2

NOMINATION COMMITTEE

The Company established a Nomination Committee on 21 June 2019 with written terms of reference in compliance with paragraph A.5.2 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Nomination Committee are (i) to review the structure, size and composition of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to appointment or re-appointment of Directors; and (v) to make recommendations to our Board regarding candidates to fill vacancies on the Board.

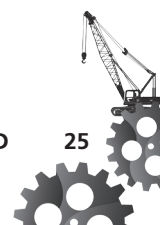
The Nomination Committee currently consists of one executive Director, Mr. Sou Peng Kan Albert and three independent non-executive Directors, Mr. Lee Tak Fai Thomas, Mr. Yau Lut Pong Leo and Mr. Yue Wai Leung Stan. Mr. Sou Peng Kan Albert is the chairman of the Nomination Committee.

During the year ended 31 December 2020, two Nomination Committee meetings were held. The attendance was as follows.

	Number of meetings Attended/Held
SOU Peng Kan Albert (<i>Chairman</i>)	2/2
LEUNG Man Chiu Lawrence (resigned on 21 July 2020)	1/1
LEE Tak Fai Thomas	2/2
YAU Lut Pong Leo	2/2
YUE Wai Leung Stan	2/2

NOMINATION POLICY

The company secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from the Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by the Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for a director include, inter alia, integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a board member, diversity of the Board, and such other perspectives appropriate to the Group's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.





CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision D.3.1 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company.

The Board reviewed the Company's corporate governance policies and practices, continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual (if any) applicable to the Directors and the Group's employees, the compliance of the GEM Listing Rules, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2020, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis. The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2020.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Code Provision B.1.5, the remuneration of the member(s) of senior management of the Group (excluding the Directors of the Company) for the year ended 31 December 2020 by band is as follows:

Remuneration bands	Number of individual(s)
HK\$0 to HK\$1,000,000	1
HK\$1,500,001 to HK\$2,000,000	1

AUDITOR'S REMUNERATION

The audit work of the Group for the year ended 31 December 2020 was performed by the Company's external auditor, HLM CPA Limited ("HLM").

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. The total fee paid/payable in respect of the statutory audit and non-audit services provided by HLM is set out in the following table:

	2020 HK\$'000	2019 HK\$'000
Audit services	520	430
Audit services relating to the listing of the Company's shares on the Stock Exchange	—	282
Total	520	712

The amount of fee charged by the auditor generally depends on the scope and volume of the auditor's work. The external auditor did not provide any non-audit services to the Company for the two years ended 31 December 2020 and 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems of the Group. The Board has delegated responsibility to the Audit Committee to review the Group's risk management and internal control matters annually.

For the year ended 31 December 2020, the Group did not have an internal audit function as required under code provision C.2.5 of the CG code. The Company has engaged an external independent internal control consultant to review the Group's risk management and internal control systems on annual basis. The Audit Committee reviewed the internal control review report issued by the external independent consultant on the Company's risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions in respect of the year ended 31 December 2020 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred with them.

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with shareholders and management.

Mr. Mak Wai Kit ("Mr. Mak"), a financial controller, is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Mak is full-time employee of the Group. During the year, Mr. Mak undertook over 15 hours' professional training to update his skill and knowledge pursuant to Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of the Group provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to Convene an Extraordinary General Meeting

Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Unit 3403, 34/F., AIA Tower, 183 Electric Road, North Point, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).



CORPORATE GOVERNANCE REPORT

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- (a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution; or
- (b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Right to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Group has established a range of communication channels between itself and its shareholders, investors and other stakeholders. All corporate communication materials published on the GEM website (www.hkgem.com) are posted on the Company's website (www.worldsuperhk.com) as soon as practicable after their release. The Company's constitutional documents are also available on the Company's website. Information on the website shall be updated on a regular basis. Share registration matters shall be handled for the shareholders by the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai Hong Kong.

CONSTITUTIONAL DOCUMENTS

To comply with the GEM Listing Rules, the Company adopted the amended and restated Memorandum and Articles of Association of the Company on 21 June 2019 and it took effect on the Listing Date. During the year ended 31 December 2020, there has been no change in the constitutional documents.

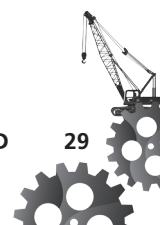
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

World Super Holdings Limited (the “Company”) is pleased to present its second Environmental, Social and Governance (hereinafter called “ESG”) Report (the “ESG Report”) of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 (the “Year 2020”), with an aim to provide details of the system establishment and performance of the Group in respect of sustainable development to both the internal and external stakeholders.

This report was prepared in accordance with the ESG Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on the GEM made by of The Stock Exchange of Hong Kong Limited, which has highlighted the environmental and social measures and activities of the Group during the Year 2020. Corporate governance is addressed separately in the Corporate Governance Report.

The Group mainly undertakes (i) provision of rental services of crawler cranes, oscillators, RCDs and hydromill trench cutter for construction projects mainly in Hong Kong and/or Macau; (ii) trading of new or used crawler cranes, RCDs, trench cutters, oscillators and/or related spare parts to customers in Hong Kong, Macau and Philippines; (iii) to a lesser extent, provision of transportation services in delivering our machinery to and from customers’ designated sites and other services such as arrangement of set-up and repair of machinery for customers of plant hire service, arrangement of insurance for customers of plant hire service for projects outside Hong Kong and marketing of construction machinery for machinery suppliers; (iv) provision of construction works which included foundation works and ancillary services; (v) developing and operating electronic products trading platform and trading of electronic products; and (vi) provision of money lending services. The scope of this ESG Report mainly includes data and activities of the office in Hong Kong (the “Hong Kong Office”) in the Year 2020 in relation to three environmental aspects and eight social aspects.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a key success factor in formulating environmental and social strategy, defining the Group's objectives, assessing materiality, and establishing policies. The Group's key stakeholders include government, shareholders, customers, employees, suppliers or subcontractors and community. The Group has conducted a survey, discussed or communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve the Group's performance, and finally strived to provide value to the stakeholders.

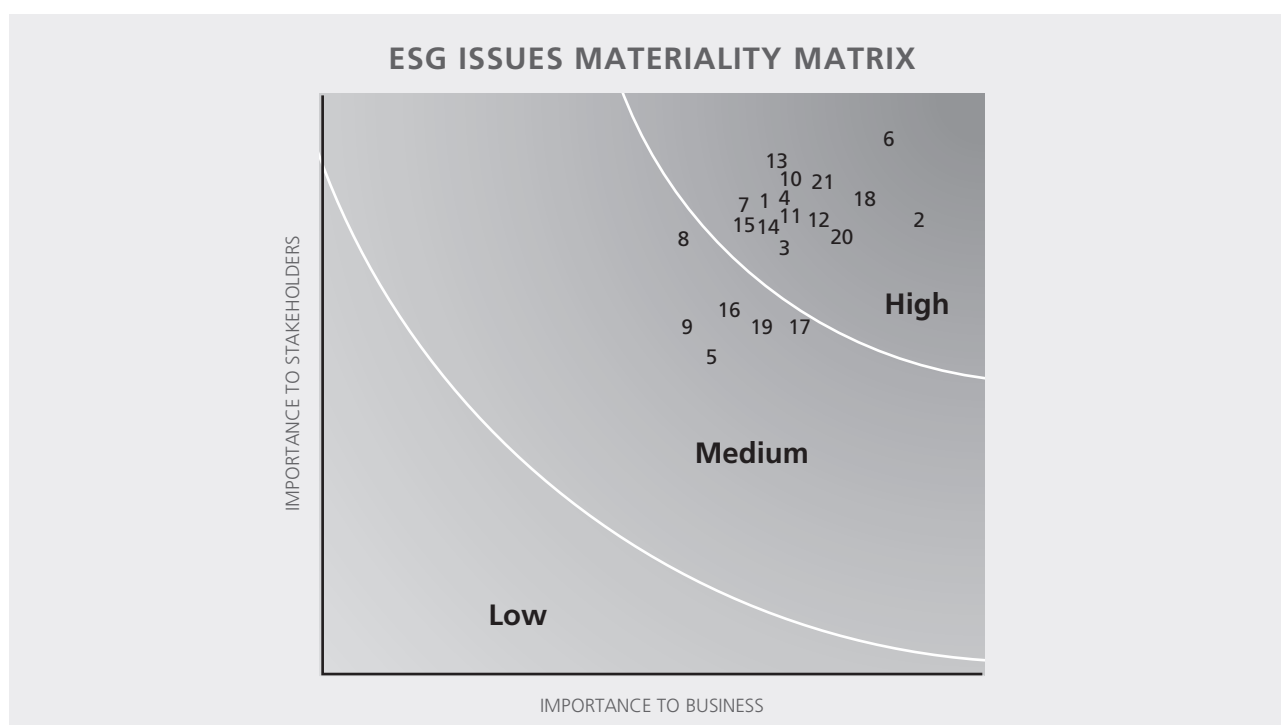
Stakeholders	Expectations and requirements	Communication and response
Government	<ul style="list-style-type: none"> Operating in compliance with the law Tax payment in accordance with the laws 	<ul style="list-style-type: none"> Law-abiding operations Tax payment on time and in full
Shareholders	<ul style="list-style-type: none"> Implementation of corporate governance and create value Information disclosure 	<ul style="list-style-type: none"> Optimising internal control and risk management Releasing operating data in due course
Customers	<ul style="list-style-type: none"> Fulfilling contracts within the law High quality services 	<ul style="list-style-type: none"> Timely completion of the works as set out in works order Adopting ISO 9001:2015 certification
Employees	<ul style="list-style-type: none"> Career development platform Remuneration and benefits Occupational health and safety 	<ul style="list-style-type: none"> Transparent promotion channel Competitive remuneration package Implementation of health and safety management system
Suppliers or subcontractors	<ul style="list-style-type: none"> Receiving payment on time Business ethics and credit standing 	<ul style="list-style-type: none"> Payment schedule Fulfilment of obligations under any contract in accordance with laws
Community	<ul style="list-style-type: none"> Improving the environment of communities Protecting the nature 	<ul style="list-style-type: none"> Participation in charitable activities Adhering to green operations

Based on the stakeholder engagement, the Group has identified issues with significant environmental and social impacts as well as significant issues concerned by the stakeholders.

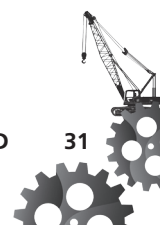
MATERIALITY MATRIX

In Year 2020, the Group carried out materiality assessment on a number of ESG issues in order to identify which issues were crucial to the Group's business and were of the utmost concerned by stakeholders. It helps the Group to ensure its business development meeting the expectations and requirements of stakeholders. The Group has identified 21 ESG issues covering environmental, social and operation, and has invited both internal and external stakeholders to assess the materiality of the ESG issues through a scoring tool and interviews. The Group's management has reviewed the ranking of materiality of the ESG issues and then disclosed the result in this report. The results of materiality assessment prioritised stakeholder inputs and made the Group focused on the material aspects for actions, achievements and reporting.

The Group's materiality matrix of ESG issues in the Year 2020:



Environmental issues	Social issues	Operation issues
1. Greenhouse gas emissions	8. Local community engagement	15. Talent attraction and retention
2. Energy consumption	9. Community investment	16. Economic value generated
3. Water consumption	10. Occupational health and safety	17. Corporate governance
4. Waste	11. Labour standards in supply chain	18. Anti-corruption
5. Use of raw materials and packaging materials	12. Training and development	19. Supply chain management
6. Customer engagement in environmental issues	13. Employee welfare	20. Customer satisfaction
7. Use of chemicals	14. Inclusion and equal opportunities	21. Customer privacy





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMISSIONS

The Group recognises that environmental protection is one of the great social concern matters. Apart from taking all reasonably practicable actions to ensure strict compliance with relevant statutory and contractual requirements, the Group has promoted and implemented all reasonably practicable environmental protection measures to prevent possible pollution and other adverse environmental impacts which may be caused by the Group's operations.

Employees are required to take all practicable steps to prevent adverse environmental events and provide rapid and appropriate response to address any events that occur. The Group provides appropriate training for its employees and sub-contractors to improve their awareness of the Group's environmental policies as well as their roles and obligations.

During the Year 2020, air emission for nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") were mainly generated from the motor vehicles of the Group. The table below shows the key environmental performance indicators of different types of air missions emitted by the Group's operation during the Year 2020.

Air emissions	Unit	Year 2020	Year 2019
NO _x emissions	kg	108.77	114.21
SO _x emissions	kg	0.18	0.15
PM emission	kg	5.80	6.10

Greenhouse gas ("GHG") emissions refer to the sum of carbon dioxide ("CO₂") emission and the CO₂ equivalent emissions of methane ("CH₄") and nitrous oxide ("N₂O"). GHG emissions are categorised into direct emissions and indirect emissions.

The main sources of direct GHG emission from operations are the use of motor vehicles owned or controlled by the Group. The main sources of indirect GHG emission from operations are the use of purchased electricity and paper waste disposed at landfills, electricity used for processing fresh water by government departments. The table below shows the key environmental performance indicators of GHG emission emitted by the Group's operation during the Year 2020:

GHG emissions	Unit	Year 2020	Year 2019
Total GHG emissions	kg CO ₂ e	45,806	40,155
GHG emissions intensity	kg CO ₂ e (per employee)*	1,697	2,677
Direct emissions due to combustion of fuels in mobile sources (Scope 1)	kg CO ₂ e	31,465	26,070
Indirect emissions due to consumption of purchased electricity (Scope 2)	kg CO ₂ e	13,563	13,175
Other indirect emissions due to paper waste disposed at landfills, electricity used for processing fresh water (Scope 3)	kg CO ₂ e	778	910

* Number of employees (including executive directors) as at 31 December 2020 was 27.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air conditioning temperature control for energy saving. Energy saving signs remind staff members to turn off the lights after using in order to promote energy conservation.

No hazardous waste is produced by the Group. Therefore, this disclosure is not applicable to the Group. In the event when any hazardous waste is to be disposed of, the Group would engage professional companies to handle it. Non-hazardous wastes that may result from the Group's operations include warehouse consumables which are considered as minor.

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to environmental protection and pollutant emissions. In Year 2020, there was no case of material non-compliance with the Water Pollution Control Ordinance, the Air Pollution Control Ordinance, the Waste Disposal Ordinance and other relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on environment. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2020.

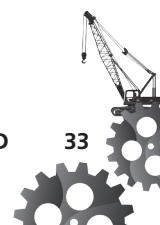
USE OF RESOURCES

The Group recognises that efficient use of resources is one of the significant aspects to protect environment.

The Group promotes conscious use of resources by putting energy saving, water saving and paper saving signs and issuing reminders to all employees to switch off unused light and air-conditioners, turn off water taps after use and use paper more effectively.

The Group consumes energy in the form of electricity for Hong Kong Office and warehouse. When purchasing electrical appliances for its business, the Group would only consider Grade 1 or 2 of the energy label decoded by the Electrical and Mechanical Services Department of the Government of the Hong Kong SAR (the "HKSAR"). The Group uses water for cleaning construction machinery and encourages employees to save and cherish water by advocating the concept of good use of water resources. As no packaging material is used by the Group for trading of construction machinery and/or related spare parts, the disclosure of packaging materials used is not applicable to the Group. The below table shows the key environmental performance indicators of the Group's use of resources during the Year 2020.

Total use of resources	Unit	Year 2020	Year 2019
Electricity purchases for consumption	kWh	20,145	19,039
Electricity consumption intensity	kWh (per employee)	746	1,269
Amount of water consumption	m ³	111	181
Water consumption intensity	m ³ (per employee)	4	12
Total packaging material used for finished products	kg	N/A	N/A
Amount of packaging material per unit produced	kg	N/A	N/A





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands that its performance in respect of emissions, waste produced, and use of resources impacts the environment, the Group endeavours to minimise such impacts, and communicate the Group's environmental policies, measures, performance, and achievements to the stakeholders.

The Group is committed to reducing the operation impacts on environment and natural resources. Series of guidelines are issued to the workforce (in-house workforce as well as sub-contractors) on air pollution, water pollution, noise control and waste management at works.

When acquisition of construction machinery, the Group considers the importance of the environment requirements set out by Environment Protection Department, such as Non-road Mobile Machinery regulation in order to ensure the emissions from construction machinery do not cause environmental pollution and have no adverse health effects.

EMPLOYMENT AND LABOUR PRACTICES

The Group established staff handbook covering topics such as: (i) disciplinary and grievance procedures; (ii) remuneration; (iii) working hours and leave; (iv) employee's compensation and medical insurance; (v) employee development and training; and (vi) termination and resignation procedures.

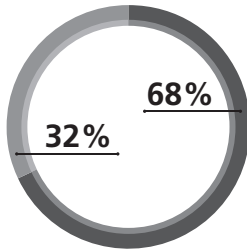
Employees' working hours, rest periods, benefits and welfare, including social security benefits and mandatory provident fund, are required to follow employment or labour laws and regulations. Selected benefit programs, including medical coverage, are also provided.

The Group is an equal opportunity employer. The Group endeavours to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotions, and benefits are required to be handled according to objective assessment, equal opportunity and non-discrimination regardless of gender, race or other measures of diversity.

The Group has implemented a policy for ethical decision-making since 2017 which is annually reviewed by the top management for its implementation for the Group's business activities. The top management has demonstrated a strong commitment for zero tolerance on corruption and unfair operating practices, such programme is addressed from back office to the front line operations.

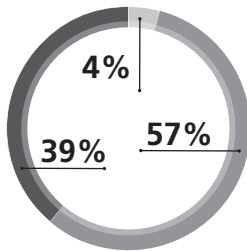
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The compositions of the Group's workforce categorised by gender, age and working level as of 31 December 2020 are stated as follows:



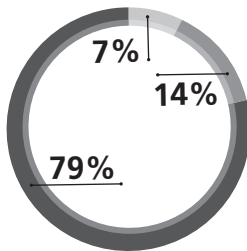
BY GENDER

- Male
- Female



BY AGE

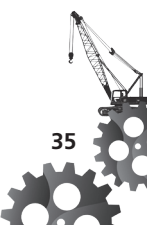
- Under 30 years old
- 30-50 years old
- Over 50 years old



BY WORKING LEVEL

- Senior level
- Middle level
- Entry level

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to employment during the course of operation. In Year 2020, there was no case of material non-compliance with the Employment Ordinance and the relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2020.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HEALTH AND SAFETY

The Group recognises that “safe at work” and “accident prevention” are the two keys of matters related to great social concern. Accordingly, the Group is committed to strictly comply with all applicable statutory requirements and contractual obligations, the Group also takes all reasonably practice measures to provide and maintain the workplace at higher health and safety standard to protect its employees including subcontractors and others who may be affected. Appropriate steps will be taken to meet and, in any cases, exceed these requirements through continual improvement.

The Group has established safety policy which is covered in the staff handbook. In order to achieve the Group’s commitment, it implemented the following measures:

- (i) Safety requirements are always given proper consideration when making decisions about other business priorities, such as productivity and profitability;
- (ii) Setting objectives and targets for maintenance as well as developing and adopting best practice methods, then monitoring and reviewing the Group’s safety performance against these objectives and targets;
- (iii) Promoting safety policy in its understanding, implementation and maintenance at all levels;
- (iv) Providing training and the appropriate tools and equipment to employees and sub-contractors to enable them to perform their task safely; and
- (v) Safety policy shall be reviewed annually to ensure its compliance.

Training and promotion at workplace, such as display of safety posters and warning signs are provided at working area for promotion of the occupational health and safety culture to employees and subcontractors. Besides, incentive scheme was addressed on site to encourage staff’s onsite safety performance.

As the outbreak of coronavirus disease 2019 (the “COVID-19”), the Group has immediately followed the local authority’s hygiene guidelines and has established a series of anti-COVID-19 measures that have been executed since early 2020, and will be continuously enhanced from time to time until pandemic is in basic control. The Group’s anti-COVID-19 measures include but not limited to: (i) measuring body temperature before entering to the business premises; (ii) providing disposable protective mask and hand sanitizers to all employees and visitors; (iii) sterilizing designated high risk areas frequently; (iv) keeping a proper communicating and working distance; (v) fully disinfecting business premises regularly; and (vi) employee diversion dining to reduce crowd gathered.

While navigating health and safety concerns to mitigate the outbreak of the COVID-19 and in combating to the virus, the Group has to ensure a provision of safe working environment with abundant supply of face masks to employees.

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to health and safety during the course of operation. In Year 2020, there was no case of material non-compliance with the Occupational Safety and Health Ordinance and the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2020.

DEVELOPMENT AND TRAINING

The Group is committed to providing adequate training to the employees to improve their knowledge and skills for discharging duties at work. Individuals are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise.

Process of staff performance appraisal is conducted by the responsible department head at the end of each year, by which further training on staff shall be considered. While for the workers, training either done by in-house or recognised outsiders to enhance their capacity and employability are planned and scheduled, all relevant training cost involved are reimbursed by the Group.

Below is the list of trainings provided by the Group in the Year 2020:

- Ethics Promotion programme by Independent Commission Against Corruption (“ICAC”)
- Training Course for Experienced Operators of Crawler Crane

The Group arranges in-house training as well as formal training regarding to anti-bribery by ICAC to all staff at least once a year, these issues which represent the Group’s willingness on promotion of working environment adhering to integrity, which is maintained to practice in the Group.

LABOUR STANDARDS

In accordance with the compliance of the relevant legislation of the HKSAR on all business activities of the Group, it includes specifying the criteria for recruitment is in place to defence against the employment of child and forced labour.

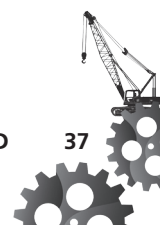
The Group prohibits child labour. It requires human resources department and user departments work together to prevent or identify child labour, and to ensure child labour is not in the workforce. The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for the employees.

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to labour standards during the course of operation. In Year 2020, there was no case of material non-compliance with the Labour Law of Hong Kong and Macau and the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定), the Employment Ordinance and the relevant laws and regulations relating to preventing child or forced labour that have a significant impact. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2020.

SUPPLY CHAIN MANAGEMENT

Supply chain management is a key area of the Group’s business, which includes managing environmental and social risks of the supply chain. The Group requires suppliers and subcontractors to provide products and services for the Group with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and labour standards. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

Compliance of statutory requirements on the labour practices of Hong Kong and Macau laws is one of the contractual obligations of the Group’s subcontract. Through a practice of maintenance of employment contracts, all subcontracted workers are securely protected under the Group’s encouragement to its supply chains.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The condition of work is under the management and supervision by the Group. All the construction works shall be complied with the relevant ordinances and their subsidiary regulations.

In Year 2020, the Group did not receive any subcontractors and suppliers that had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

PRODUCT RESPONSIBILITY

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to services provided. The Group has studied the overall and actual implementation of the Group's sustainable procurement activities and report directly to the Directors and company secretary.

The Group has established quality system of ISO 9001:2015, which has procedures address for client satisfaction survey. Follow-up actions shall be taken in case of complaint being raised to take actions for preventing recurrence.

Through the maintenance of continuous communication between consumer and project team and additional application of partnering programme, appropriate measures can be enriched for resolve dispute and enhance customer satisfaction.

During the Year 2020, the Group has operated money-lending business in which the customers' money lending affairs has been treated as private and confidential. Collection, use, holding and erasure of customers' information have at all times complied with the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). They have also complied with any relevant codes of practice issued or approved by the Privacy Commissioner for Personal Data giving practical guidance on compliance with the PDPO.

The Group is not aware of any material non-compliance with the PDPO and other applicable laws and regulations that have a significant impact relating to privacy matters in regard to products and services provided by the Group in Year 2020.

ANTI-CORRUPTION

The Group demonstrates its high intolerance of corruption as well as to promote a working environment adhering to integrity on its activities in business. The establishment of structure is provided for development and monitoring the promotion of ethical conduction of the Group.

The Group's operation manual lays out the Group's expectation and certain guiding provisions on code of conduct. Whistleblowing statement in the Group's operation manual is in place, employees are encouraged to report incidents in writing or verbally in relation to any conflicts of interest, bribery, extortion, fraud and money laundering.

The Group strictly regulates the operation of its business to ensure the compliance with local laws and regulations relating to anti-corruption during the course of operation. In Year 2020, there was no case of any material non-compliance with the Prevention of Bribery Ordinance and the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2020.

COMMUNITY INVESTMENT

The Group endeavours to support the communities in which the Group operates including community engagement to understand the needs of communities, and to ensure the Group's activities taking into consideration of the communities' interest.

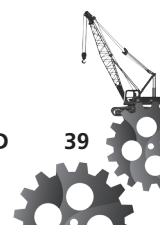
YOUR FEEDBACK

The Group will continue to adopt measures for the benefit of ESG in its operations. Stakeholders' feedback is valuable and can help the Group to improve its operational, environmental, social and governance policies and procedures. Please feel free to share your feedback on the performance via any of the following channels:

Address: Unit 3403, 34/F., AIA Tower, 183 Electric Road, North Point, Hong Kong

Telephone: (852) 2710 7732

Website: www.worldsuperhk.com





REPORT OF THE DIRECTORS

The Directors hereby present their annual report and the audited consolidated financial statements for the year ended 31 December 2020.

GROUP REORGANISATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 26 February 2016. Through a group reorganisation as fully explained in the Prospectus, the Company has since 31 May 2016 become the holding company of the Group. The Company has completed its initial public offering and the shares of the Company were listed on the Stock Exchange on 12 July 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 32 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development and possible risks and uncertainties facing the Group are set out in the section headed "Statement from the Chairman" as well as the "Management Discussion and Analysis" of this annual report, respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" of this report. To the best knowledge and belief of the Directors, the Group's operation in Hong Kong and Macau has complied with the applicable laws and regulations in all material respects for the year ended 31 December 2020 to the date of this report. The Directors are of the view that the Company has maintained good relationship with its employees, customers, suppliers and bankers.

ENVIRONMENTAL PROTECTION

For the year ended 31 December 2020, the Group's business operation made continuous effort on minimizing damage to the environment and ensuring employee wellbeing. No non-compliance in relation to environmental and social aspect was recorded. Engagement with stakeholders has resulted in raised concerns on key material issues, which include (i) greenhouse gas emissions, (ii) energy consumption, (iii) local community engagement, (iv) community investment, (v) talent attraction and retention and (vi) economic value generated. These aspects had already been managed by the Group and the Group will continue to keep close communication with its stakeholders for advancing its environmental, social and governance management.

Discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group will be provided in the Environmental, Social and Governance Report of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 and the state of affairs of the Group as at 31 December 2020 are set out in the consolidated financial statements on pages 60 and 61 of this annual report respectively. The Board does not recommend the payment of final dividend for the year ended 31 December 2020.

SUMMARY OF FINANCIAL INFORMATION

The summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 5 of this annual report. This summary does not form part of the audited consolidated financial statements in the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2020 are set out in note 25 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 31 December 2020.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2020 are set out in page 63 in this annual report and note 34 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$75.5 million.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the period from the Listing Date to the end of the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

CORPORATE GOVERNANCE

The Board is of the view that save and except for the deviation from code provision A.2.1 and E.1.5 of the CG Code, the Company has met the code provisions set out in the CG Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.



REPORT OF THE DIRECTORS

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2020, to the best of knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 94.0% of the total sales for the year and sales to the largest customer included therein amounted to approximately 37.4%. Purchases from the Group's five largest suppliers accounted for approximately 59.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 20.7%.

Save as disclosed, to the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders (which to the best knowledge of the Directors) owned 5% more of the Company's number of issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 December 2020 .

CHARITABLE DONATION

Charitable donation made by the Group during the year amounted to HK\$200,000 (2019: HK\$Nil).

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company, after deduction of underwriting fees and other expenses payable by the Company in connection with (i) the Listing, were approximately HK\$55.3 million and (ii) the Placement, were approximately HK\$7.0 million. Details of the use of proceeds are set out in the section headed "Management Discussion and Analysis" of this annual report.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

SOU Peng Kan Albert (*Chairman*)

FOK Hei Yuen Paul

LAU Lawrence Tak Sun (appointed on 30 December 2020)

Non-executive Director

LEUNG Man Chiu Lawrence (resigned on 21 July 2020)

Independent Non-executive Directors

LEE Tak Fai Thomas

YAU Lut Pong Leo

YUE Wai Leung Stan

Mr. Sou Peng Kan Albert, Mr. Fok Hei Yuen Paul and Mr. Lau Lawrence Tak Sun will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (“AGM”) in accordance with Article 83(3) of the Company’s articles of association.

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of the Directors and other senior management are disclosed in the section headed “Biographical details of Directors and Senior Management” on pages 16 to 18 in this annual report.

CHANGES OF DIRECTORS’ INFORMATION

Subsequent to the date of the third quarterly report for the nine months ended 30 September 2020 of the Company, the changes in the Director’s information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

1. Mr. Lau Lawrence Tak Sun was appointed as an executive Director on 30 December 2020.

DIRECTORS’ SERVICE CONTRACTS

All independent non-executive Directors have entered into a service contract with the Company with an initial term of one year commencing on 1 July 2020.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the heading “Directors’ and Chief Executives’ Interests and/or Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations” below, at no time during the period from the Listing Date to the end of the year has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Company’s Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save as the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2020 or subsisted at the end of the year.



REPORT OF THE DIRECTORS

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements in this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2020.

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2020.

No contract of significance (including provision of services) between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2020.

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on Company's policy and structure for all Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the scheme is set out on pages 44 to 52 in this annual report.

NON-COMPETITION UNDERTAKINGS

For the purpose of the listing of the Company, each of Mr. Sou Peng Kan Albert and Ms. Chu Wing Yee, being the controlling shareholders of the Company, have entered into a deed of non-competition dated 21 June 2019 in favour of the Company, further details of which are disclosed in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the Listing Date. The controlling shareholders have confirmed to the Company that they had complied with the non-competition undertaking during the year ended 31 December 2020. The Board (including the independent non-executive Directors) has reviewed and confirmed the compliance with the non-competition undertakings by the controlling shareholders.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme approved by the written resolution passed on 21 June 2019 (the "Share Option Scheme"):

(1) Purpose of the Share Option Scheme

The Share Option Scheme enables our Company to grant an option to subscribe for shares granted pursuant to the Share Option Scheme (the "Option") to any full-time or part-time employee of our Company or any member of our Group, including any executive Director, non-executive Director and independent non-executive Director, advisor and consultant of our Group (the "Eligible Person") as incentives or rewards for their contributions to our Group.

(2) Who may join

Our Board may, at its absolute discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (5) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted.

(3) Grant of Option

Our Company may not grant any Option after inside information has come to our knowledge until we have announced the information in accordance with the requirements of the GEM Listing Rules. In particular, our Company may not grant any option during the period commencing one month immediately before the earlier of:

- (i) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and
- (ii) the deadline for our Company to publish an announcement of its results for any year, half-year or quarterly under the GEM Listing Rules, or any interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person who is our Director during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(4) Maximum number of options to any one individual

The total number of shares issued and to be issued upon exercise of the Options granted to any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original participant (the "Participant") under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Where any further grant of Options to such Participant (the "Further Grant") would result in the shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the shares in issue from time to time, the Further Grant must be separately approved by the shareholders in general meeting with such Participant and his close associates (as defined in the GEM Listing Rules) (or his associates (as defined in the GEM Listing Rules) if the Participant is a connected person) abstaining from voting.



REPORT OF THE DIRECTORS

In relation to the Further Grant, our Company must send a circular to the shareholders and the circular must disclose the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted) and the information required under the GEM Listing Rules. The number and terms (including the exercise price) of Options to be granted to such Participant must be fixed before shareholders' approval and the date of meeting of our Board for proposing the Further Grant should be taken as the date on which an Option is offered to an Eligible Person for the purpose of calculating the exercise price.

(5) Price of Shares

The exercise price for the shares subject to Options will be a price determined by our Board and notified to each Participant and must be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a trading day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the Options.

(6) Maximum number of Shares

- (i) The total number of shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted must not, in aggregate, exceed 10% of the shares in issue as at the Listing Date (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 600,000,000 shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 60,000,000 shares, representing 10% of the shares in issue as at the Listing Date.
- (ii) Subject to the approval of shareholders in general meeting, our Company may "refresh" the Scheme Mandate Limit to the extent that the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted under the Scheme Mandate Limit as "refreshed" must not exceed 10% of the shares in issue as at the date of such shareholders' approval. Options previously granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". In relation to the shareholders' approval referred to in this paragraph (ii), our Company shall send a circular to the shareholders containing the information required by the GEM Listing Rules.
- (iii) Subject to the approval of shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specifically identified by our Company before such shareholders' approval is sought. In relation to the shareholders' approval referred to in this sub-paragraph (iii), our Company must send a circular to its shareholders containing a generic description of the specified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Persons with an explanation as to how the terms of the Options serve such purpose and such other information required by the GEM Listing Rules.

(iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted exceeds 30% of the shares in issue from time to time.

(7) Time of exercise of Option and performance target

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than ten years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(8) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(9) Rights on death, retirement and cessation of employment

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

In the event that a Participant retires in accordance with his or her contract of employment or upon expiration of his or her contract of employment or terms of directorship before exercising his or her Options in full, such Options will lapse on the date he or she retires or the date of expiration of his or her contract of employment or term of directorship.

(10) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in the number of shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of the Options, and/or the maximum number of shares subject to the Share Option Scheme.



REPORT OF THE DIRECTORS

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by a Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, unless with the prior approval of the shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/ interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(11) Rights on take-over

If a general offer has been made to all the shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, "acting in concert" shall have the meaning ascribed to it under the Takeovers Code in Hong Kong as amended from time to time.

(12) Rights on a compromise or arrangement

If an application is made to the court (otherwise than where our Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between our Company and our creditors (or any class of them) or between our Company and our shareholders (or any class of them), a Participant may by notice in writing to our Company, within a period of 21 days after the date of such application, exercise his or her outstanding Option in full extent or any part thereof specified in such note. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by our Company to all Participants as soon as practicable.

(13) Rights on winding-up

In the event of a notice being given by our Company to our shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind up our Company when our Company is solvent, our Company shall on the day of such notice to each shareholder or as soon as practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant shares to the Participant credited as fully paid.

(14) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) subject to paragraphs (6) and (16), the expiry of the period to be determined and notified by our Board to each Participant in respect of any particular Option;
- (iii) the first anniversary of the death of the Participant;
- (iv) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date of the Participant ceasing to be an employee or director of such member of our Group by reason of:
 - (a) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this subparagraph, at a younger age;
 - (b) ill health or disability recognised as such expressly by our Board in writing for the purpose of this subparagraph;
 - (c) the company by which he or she is employed and/or of which he or she is a director (if not our Company) ceasing to be a subsidiary of our Company;
 - (d) expiry of his or her employment contract or vacation of his or her office with such member of our Group and such contract or office is not immediately extended or renewed; or
 - (e) at the discretion of our Board, any reason other than death or the reasons described in sub-paragraph (iv) or (v) (a) to (c);
- (vi) the expiry of any period referred to in paragraphs (11) and (12) above, provided that in the case of paragraph (11), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (vii) the date the Participant commits any breach of the provisions of paragraph (8).



REPORT OF THE DIRECTORS

(15) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Company's Articles as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date, of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue.

(16) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing. In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(17) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(18) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board except that, (i) any alteration to the advantage of the Participants or the Eligible Persons (as the case may be) relating to matters contained in Chapter 23 of the GEM Listing Rules; (ii) any alteration to the terms and conditions of the Share Option Scheme which is of material nature or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and (iii) any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme, must first be approved by the shareholders in general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting) provided that the amended terms of the Share Option Scheme or Options granted must still comply with the requirements of Chapter 23 of the GEM Listing Rules.

Any alterations to the terms and conditions of Share Option Scheme, which are of a material nature shall first approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the shareholders seeking approval for the new scheme to be established after such termination.

(19) Granting of Options to a Director, chief executive or substantial shareholder of our Company or any of their associates

Where Options are proposed to be granted to a Director, chief executive or substantial shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates will result in the total number of the shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for share may be granted in any 12-month period up to and including the date of the grant: (i) representing in aggregate 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the shares in issue from time to time; and (ii) having an aggregate value, based on the closing price of the shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the shareholders. Our Company must send a circular to the shareholders which must contain the information required under the GEM Listing Rules. The grantee, his associates and all core connected persons (as defined in the GEM Listing Rules) of our Company must abstain from voting in favour at such general meeting.

In addition, shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder, an independent non-executive Director or any of their respective associates.

The circular must contain the following:

- (i) details of the number and terms (including the exercise price) of the Options to be granted to each Eligible Person, which must be fixed before the relevant shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent shareholders, as to voting;
- (iii) the information required under Rules 23.02(2)(c) and (d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (iv) all other information as required by the GEM Listing Rules (including Rule 2.28 of the GEM Listing Rules).

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the GEM Listing Rules) set out in this paragraph (18) do not apply where the Eligible Person is only a proposed Director or proposed chief executive.



REPORT OF THE DIRECTORS

(20) Conditions of Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by our shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the shares which may be issued pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the shares which fall to be issued pursuant to the exercise of Options granted under the Share Option Scheme.

(21) Administration of the Share Option Scheme

The Share Option Scheme will be administered by our Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

(22) Disclosure in annual, half-year and quarterly reports

Our Company will disclose all information in relation to the Share Option Scheme in its annual, half-year and quarterly reports in accordance with the GEM Listing Rules.

Up to the date of this annual report, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Scheme.

INTERESTS IN COMPETING BUSINESS

During the year ended 30 December 2020, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in GEM Listing Rules) that competes 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.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of GEM Listing Rules, the Company has appointed Grand Moore Capital Limited as the compliance adviser (the "Compliance Adviser") with effect from 12 July 2019. As at 31 December 2020, as notified by the Compliance Adviser, save for the compliance adviser's agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

(i) Long Positions in the Shares

Name of Director	Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Mr. Sou Peng Kan Albert ("Mr. Sou")	Interest in a controlled corporation and interest of spouse	262,500,000 (Note 1)	36.45%

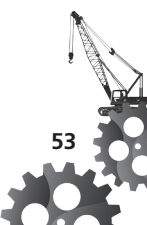
Note:

- (1) Out of the 262,500,000 shares, 228,125,000 shares are registered in the name of Bao Han Holdings Limited ("Bao Han"), the entire issued share capital of which is legally and beneficially owned by Mr. Sou. Mr. Sou is deemed to be interested in all the shares held by Bao Han. The remaining 34,375,000 shares are registered in the name of Emerald Surplus International Limited ("Emerald Surplus"), the entire issued share capital of which is legally and beneficially owned by Ms. Chu Wing Yee ("Ms. Chu"). Ms. Chu is deemed to be interested in all the shares held by Emerald Surplus. Since Ms. Chu is the spouse of Mr. Sou, Mr. Sou is deemed to be interested in all the shares which Ms. Chu is interested in under the SFO.

(ii) Long Positions in the Shares of Associated Corporation

Name of Director	Name of associated corporation	Percentage of shareholding
Mr. Sou	Bao Han	100%

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executives of the Company had or deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings and the Code by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.





REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) had or were deemed or taken to have the following interests and/or short positions in the shares or the underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Ms. Chu	Interest in a controlled corporation and Interest of spouse	262,500,000 (Note 1)	36.45%
Chen Man Lok	Personal interests	47,500,000	6.60%

Note:

- (1) Out of the 262,500,000 shares, 34,375,000 shares are registered in the name of Emerald Surplus, the entire issued share capital of which is legally and beneficially owned by Ms. Chu. Ms. Chu is deemed to be interested in all the shares held by Emerald Surplus. The remaining 228,125,000 shares are registered in the name of Bao Han, the entire issued share capital of which is legally and beneficially owned by Mr. Sou. Mr. Sou is deemed to be interested in all the shares held by Bao Han. As Mr. Sou is the spouse of Ms. Chu, Ms. Chu is deemed to be interested in all the shares which Mr. Sou is interested in under the SFO.

Save as disclosed herein, as at 31 December 2020, the Directors are not aware of any person who had or deemed to have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2020 are set out in note 29 to the consolidated financial statements. Those related party transactions constitute continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Directors are not aware of any related party transactions which constituted a non-exempt connected transaction or continuing connected transaction of the Company under the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required under the GEM Listing Rules during the year and up to the latest practicable date prior to the issue of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of the meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 May 2021.

AUDITOR

The consolidated finance statements for the year ended 31 December 2020 have been audited by HLM CPA Limited ("HLM"). A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint HLM as auditor of the Company.

On behalf of the Board
World Super Holdings Limited
Sou Peng Kan Albert
Chairman and Executive Director

Hong Kong, 25 March 2021



INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF WORLD SUPER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with Limited Liability)

OPINION

We have audited the consolidated financial statements of World Super Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 124, which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2020 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which indicate that the Group's current liabilities exceeded its current assets by HK\$7,454,387. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The directors' arrangements to address the going concern issue are also described in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for expected credit losses (“ECL”) of trade receivables

We identified the allowance for ECL of trade receivables as a key audit matter due to significant management judgement involved in identification and measurement of the allowance for expected credit losses.

As disclosed in notes 18 to the consolidated financial statements, the Group has net trade receivables of HK\$34,313,063 as at 31 December 2020.

At each reporting date, the management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, and forward-looking analysis.

How our audit addressed the key audit matter

Our procedures in relation to the allowance for ECL of trade receivables included:

- Inquiring the management to understand the approach applied on the ECL model of trade receivables;
- Understanding key controls on how the management estimates impairment for trade receivables;
- Reviewing and challenging management's basis and judgement in determining the appropriateness of management's assumptions applied on the ECL model, including background information of the customers, past settlement records of the customers, concentration risk of customers and the Group's actual loss experience;
- Assessing and evaluating the design of controls with respect to the identification of receivables with overdue or default payments; and
- Testing the subsequent settlement of trade receivable.

We found that the estimation and judgement made by management in respect of the allowance for ECL of trade receivables were supportable by credible evidence.



INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND OUR AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLM CPA Limited

Certified Public Accountants

Ng Fai Fiona

Practising Certificate Number P04986

Hong Kong, 25 March 2021

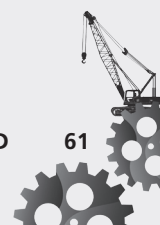


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Revenue	7	66,029,438	45,898,633
Cost of sales and services		(48,719,034)	(21,190,036)
Gross profit		17,310,404	24,708,597
Net other (expenses)/income	8	(453,916)	471,442
Other operating expenses		(6,120,594)	(2,583,115)
Administrative expenses		(22,448,778)	(13,979,584)
Selling and distribution expenses		(1,440,659)	(1,481,933)
Finance costs	9	(1,616,599)	(3,004,031)
(Loss)/profit before taxation		(14,770,142)	4,131,376
Income tax credit/(expense)	10	17,838	(1,996,564)
(Loss)/profit and total comprehensive (expenses)/income for the year attributable to owners of the Company	11	(14,752,304)	2,134,812
(Loss)/earnings per share (HK cents per share)			
Basic	14	(2.27)	0.41
Diluted	14	(2.27)	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Non-current Assets			
Plant and equipment	15	139,312,891	126,299,871
Right of use assets	16	536,005	1,354,343
		139,848,896	127,654,214
Current Assets			
Inventories	17	1,260,065	1,149,505
Trade and other receivables	18	35,185,589	16,347,721
Pledged bank deposits	19	2,921,466	2,915,421
Bank balances and cash	19	2,337,060	25,910,589
		41,704,180	46,323,236
Current Liabilities			
Trade and other payables	20	9,032,619	4,379,507
Bank borrowings — due within one year	21	10,000,000	5,594,214
Obligations under finance leases			
— due within one year	22	22,362,358	22,420,730
Bank overdrafts	19	7,214,217	—
Lease liabilities			
— current portion	23	549,373	814,707
		49,158,567	33,209,158
Net Current (Liabilities)/Assets		(7,454,387)	13,114,078
Total Assets less Current Liabilities		132,394,509	140,768,292





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Non-current Liabilities			
Obligations under finance leases			
— due after one year	22	7,843	99,864
Deferred tax liabilities	24	8,991,726	9,009,564
Lease liabilities			
— non-current portion	23	—	549,373
		8,999,569	9,658,801
Net Assets		123,394,940	131,109,491
Capital and Reserves			
Share capital	25	7,200,000	6,000,000
Reserves		116,194,940	125,109,491
Total Equity		123,394,940	131,109,491

The consolidated financial statements on page 60 to 124 were approved and authorised for issue by the Board of Directors on 25 March 2021 and are signed on its behalf by:

Sou Peng Kan, Albert
DIRECTOR

Fok Hei Yuen, Paul
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

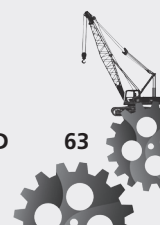
	Issued capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note i)	Convertible bonds equity reserve HK\$ (Note ii)	Retained profits HK\$	Total HK\$
At 1 January 2019	1	3,000,000	5,499,999	864,000	29,618,408	38,982,408
Issue of shares by conversion of convertible notes (Note 25)	—*	15,808,216	—	(864,000)	—	14,944,216
Issue of shares pursuant to the capitalisation issue (Note 25)	4,499,999	(4,499,999)	—	—	—	—
Issue of shares under the share offer (Note 25)	1,500,000	81,000,000	—	—	—	82,500,000
Transaction costs directly attributable to issue of shares upon listing	—	(7,451,945)	—	—	—	(7,451,945)
Profit and total comprehensive income for the year	—	—	—	—	2,134,812	2,134,812
At 31 December 2019 and 1 January 2020	6,000,000	87,856,272	5,499,999	—	31,753,220	131,109,491
Issue of shares by share placing (Note 25)	1,200,000	6,120,000	—	—	—	7,320,000
Transaction costs directly attributable to issue of shares upon listing	—	(282,247)	—	—	—	(282,247)
Loss and total comprehensive expenses for the year	—	—	—	—	(14,752,304)	(14,752,304)
At 31 December 2020	7,200,000	93,694,025	5,499,999	—	17,000,916	123,394,940

Notes:

(i) Merger reserve represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of World Super Limited, a subsidiary which was acquired by the Company pursuant to the Group Reorganisation (as defined in the prospectus of the Company dated 27 June 2019).

(ii) The convertible bonds equity reserve represents the equity component of convertible bonds issued by the Company. Items included in the convertible bonds equity reserve will not be reclassified subsequently to profit or loss.

* Issued capital for an amount of less than HK\$1.



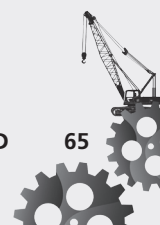


CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Operating activities			
Profit before taxation		(14,770,142)	4,131,376
Adjustments for:			
Interest income	8	(39,274)	(125,178)
Listing expenses		—	4,867,835
Depreciation on plant and equipment	15	9,773,387	7,938,805
Depreciation on right of use assets	16	818,338	1,271,289
Allowance for ECL on trade receivable	18	7,490,995	—
Finance costs	9	1,616,599	3,004,031
Loss on disposal of plant and equipment	8	552,051	35,788
Operating cash flows before movements in working capital		5,441,954	21,123,946
(Increase)/decrease in inventories		(110,560)	255,000
Increase in trade and other receivables		(26,328,863)	(4,836,213)
Increase/(decrease) in trade and other payables		4,653,112	(2,694,288)
Net cash (used in)/generated from operating activities		(16,344,357)	13,848,445
Investing activities			
Purchase of plant and equipment		(28,229,858)	(20,830,771)
Proceeds from disposal of plant and equipment		11,694,800	656,000
Interest income received		33,229	112,669
Net cash used in investing activities		(16,501,829)	(20,062,102)

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Financing activities			
Interest paid	31	(1,616,599)	(2,541,818)
New borrowings raised	31	10,000,000	—
Repayments of borrowings	31	(5,594,214)	(2,373,396)
Repayments of obligations under finance leases	31	(6,953,793)	(29,886,773)
Proceeds on issue of shares		7,320,000	82,500,000
Payment of listing expenses		(282,247)	(13,098,226)
Repayment of lease liabilities	31	(814,707)	(1,298,955)
Net cash generated from financing activities		2,058,440	33,300,832
Net (decrease)/increase in cash and cash equivalents		(30,787,746)	27,087,175
Cash and cash equivalents at beginning of the year		25,910,589	(1,176,586)
Cash and cash equivalents at end of the year		(4,877,157)	25,910,589
Cash and cash equivalents at end of the year, represented by			
Bank balances and cash		2,337,060	25,910,589
Bank overdrafts		(7,214,217)	—
		(4,877,157)	25,910,589





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 February 2016. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 July 2019 (the “Share Offer”). The Company’s registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Company’s principal place of business is located at Unit 3403, 34/F, AIA Tower, 183 Electric Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are described in Note 32.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern

Notwithstanding that the Group had incurred net current liabilities of approximately HK\$7,454,000 as at 31 December 2020, the consolidated financial statements at 31 December 2020 have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration of the following matters:

- (i) Included in the current liabilities is the obligations under finance leases — due within one year (the “Leases”) of approximately HK\$15,133,000 with the repayment on demand clause which were classified as current liabilities in accordance with HK Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and are not repayable within one year from the end of the reporting period according to the repayment schedule. The Directors are of the opinion that the Leases will not be required to be repaid in full within a year under normal circumstances and when the monthly instalments are paid according to schedule, which the Directors are confident that they could achieve. Taking this into consideration, the Directors consider that the liquidity position of the Group would be positive; and
- (ii) Based on a forecast of the business for the coming year, the directors of the Company anticipate that the Group will generate a positive cash flow from its operations after taking into consideration the trade receivables collected and the expect of proceeds from disposal of the plant and machinery after the reporting period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of Amendments to References to the Conceptual Framework in HKFRS and amendments to HKFRSs in the current year has no material impact on the Group’s financial position and performance for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

New and revised 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:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

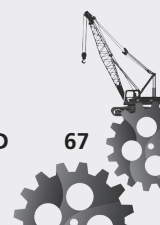
² Effective for annual periods beginning on or after 1 January 2022.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The management of the Group anticipates that the application of these new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements in the foreseeable future.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by 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 GEM of the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories, value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in subsidiaries

Investments in subsidiaries presented in the Company's statement of financial position included in note 33 to the consolidated financial statements are stated at cost less identified impairment loss.

Revenue recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instrument ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For sales contract for which the control of the goods is transferred at a point in time, revenue is recognised when the customer obtains the physical possession and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Revenues from the sales of goods in the ordinary course of business is recognised when or as the control of the asset is transferred to the customer.

Plant hire income from machinery leasing under operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating service income and other services income are recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Plant hire income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Plant hire income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises, director's accommodation, warehouses, plant and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.;
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- the Group presents lease liabilities as a separate line item on the consolidated statement of financial position.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segment" are the same as those used in its financial statements prepared under HKFRS 8.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under the "other income".

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment *(Continued)*

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment or right of use assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price of inventories costs less the estimate costs necessary to make the sale.

Impairment of tangible and right-of-use assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within six months of maturity at acquisition. For the purpose of the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

Convertible bonds

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity (a conversion option) in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets (including trade and other receivables, bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the shared credit risk characteristics basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Amount due from ultimate holding company is assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank borrowings, obligation under finance leases, bank overdrafts and lease liabilities) are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognised its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which mean that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period. As at 31 December 2020 and 2019, the carrying amounts of plant and equipment are HK\$139,312,891 and HK\$126,299,871 respectively.

Estimated impairment of plant and equipment

The Group assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 December 2020 and 2019, the managements of the Group considered that there is no impairment indication and no impairment is recognised for the years.

Provision of ECL for trade receivables

The ECL for trade receivables is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The management of the Group has individually assessed all the receivables by taking into account the length of business relationship, reputation and repayment history of each of customers. Allowance for ECL amounting to HK\$7,490,995 recognised for the year.

The information about the ECLs and the Group's impairment loss regarding trade receivables are disclosed in note 18.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December	
	2020 HK\$	2019 HK\$
Financial assets		
<i>Amortised cost:</i>		
Trade and other receivables	34,727,148	15,762,752
Bank balance and cash	2,337,060	25,910,589
Pledged bank deposits	2,921,466	2,915,421
	39,985,674	44,588,762
Financial liabilities		
<i>Amortised cost:</i>		
Trade and other payables	9,016,565	4,079,507
Bank borrowings	10,000,000	5,594,214
Obligations under finance leases	22,370,201	22,520,594
Bank overdrafts	7,214,217	—
Lease liabilities	549,373	1,364,080
	49,150,356	33,558,395

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies

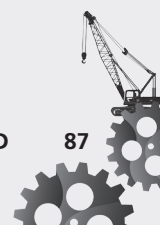
The major financial instruments of the Group include trade and other receivables except prepayments, bank balances and cash, trade and other payables, lease liabilities, borrowings, bank overdrafts, convertible bonds and obligations under finance leases. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from gearing (include borrowings, obligations under finance leases, bank overdrafts and lease liabilities) with variable rates, which expose the Group to cash flow interest rate risk. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate gearing. During the year ended 31 December 2020 and 2019, the Group's gearing were denominated in HK\$.

	2020 HK\$	% of total gearing	2019 HK\$	% of total gearing
Variable rate borrowings	10,000,000	25%	5,594,214	19%
Variable rate obligations under finance leases	22,270,337	55%	22,283,384	75%
Fixed rate obligations under finance leases	99,864	1%	237,210	1%
Variable rate bank overdrafts	7,214,217	18%	—	0%
Fixed rate lease liabilities	549,373	1%	1,364,080	5%
	40,133,791	100%	29,478,888	100%

An analysis by maturities is provided in note 6(b) below. The percentage of total gearing shows the proportion of borrowing, obligations under finance leases, bank overdrafts and lease liabilities that are currently at fixed and variable rates in relation to the total amount of gearing.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate obligations under finance leases (see Note 22).

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank overdrafts (see Note 19), variable-rate borrowings (see Note 21) and variable-rate obligations under finance leases (see Note 22).

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analysis below, which includes interest rate exposure on variable interest-bearing liabilities and deposits, has been determined based on the exposure to interest rates for all non-derivative instrument at the end of the reporting date. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points increase or decrease is used which represents management's assessment of the possible change in interest rates.

If interest rates have been 100 basis points higher/lower and all other variables held constant, the Group's profit for the years ended 31 December 2020 and 2019 would decrease/increase by HK\$391,728 and HK\$19,670 respectively.

Credit risk

As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

As at 31 December 2020, the Group has concentration of credit risk as 46% (2019: 29%), 92% (2019: 90%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The major customers of the Group are certain reputable organisation. In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

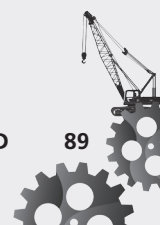
In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to finance the operations of the Group and mitigate the effect of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, financial liabilities to banks with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk analysis

	Weighted average interest rate %	On demand or less than 1 year HK\$	1 to 2 years HK\$	2 to 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
31 December 2020						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	4.18%	10,000,000	—	—	10,000,000	10,000,000
Bank overdrafts	6.24%	7,214,217	—	—	7,214,217	7,214,217
Obligations under finance leases	4.55%	22,364,777	7,870	—	22,372,647	22,370,201
Trade and other payables		9,016,565	—	—	9,016,565	9,016,565
Lease liabilities	4.53%	561,089	—	—	561,089	549,373
		49,156,648	7,870	—	49,164,518	49,150,356





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Liquidity risk analysis

	Weighted average interest rate %	On demand or less than 1 year HK\$	1 to 2 years HK\$	2 to 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
31 December 2019						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	5.15%	5,602,036	—	—	5,602,036	5,594,214
Obligations under finance leases	4.61%	22,427,840	94,440	7,870	22,530,150	22,520,594
Trade and other payables		4,079,507	—	—	4,079,507	4,079,507
Lease liabilities	4.53%	856,844	561,089	—	1,417,933	1,364,080
		32,966,227	655,529	7,870	33,629,626	33,558,395

As at 31 December 2020, certain of the Group's bank borrowings amounted to HK\$10,000,000 (2019: HK\$5,000,000) and obligation under finance leases amounted to HK\$22,270,337 (2019: HK\$22,283,384), respectively, of which the loan and finance lease agreements contain repayment on demand clauses giving the banks the unconditional right to call in the loans and finance leases at any time. Therefore, for the purpose of the above maturity profile, the amounts are classified as "on demand". Taking into account the Group's financial position and past experience, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that these financial liabilities to banks will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

6. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity risk analysis

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings and obligation under finance leases with a repayment on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Maturity Analysis - Borrowings and obligation under finance leases subject to a repayment on demand clause based on scheduled repayments					
	Weighted average interest rate %	On demand or less than 1 year HK\$	1 to 2 years HK\$	2 to 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
31 December 2020						
Bank borrowings	4.18%	10,000,000	—	—	10,000,000	10,000,000
Obligation under finance leases	4.54%	7,981,951	7,563,575	8,384,907	23,930,433	22,270,337
		17,981,951	7,563,575	8,384,907	33,930,433	32,270,337
31 December 2019						
Bank borrowings	5.13%	5,043,151	—	—	5,043,151	5,000,000
Obligation under finance leases	4.60%	6,868,152	6,463,627	10,887,417	24,219,196	22,283,384
		11,911,303	6,463,627	10,887,417	29,262,347	27,283,384

c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the net amounts received or receivable for machinery leased, goods sold and services provided in the normal course of business, net of discounts and returns.

An analysis of the Group's revenue are as follows:

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
Plant hire income	33,068,621	36,047,866
General sales from trading of machinery, tools and parts	18,162,081	7,896,214
General sales from trading of electronic and household products	11,577,260	—
Transportation and other services income*	3,221,476	1,954,553
	66,029,438	45,898,633

* Other services income include interest income from money lending services of HK\$73,512 for the year ended 31 December 2020 (2019: HK\$ nil).

The Group determines its operating segments based on these business activities, that are regularly reviewed by the chief operating decision makers. i.e. the executive directors of the Company, for the purpose of resources allocation and performance assessment.

As at 31 December 2020 and 2019, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

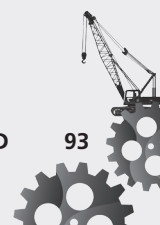
7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

For the year ended 31 December 2020:

	Plant hire income HK\$	General sales from trading of machinery, tools and parts HK\$	General sales from trading of electronic and household products HK\$	Transportation and other services income HK\$	Total HK\$
Revenue					
Segment revenue from external customers	33,068,621	18,162,081	11,577,260	3,221,476	66,029,438
Revenue recognition					
At a point in time under HKFRS 15	—	18,162,081	11,577,260	3,147,964	32,887,305
Under HKFRS 16	33,068,621	—	—	—	33,068,621
Under HKFRS 9	—	—	—	73,512*	73,512
	33,068,621	18,162,081	11,577,260	3,221,476	66,029,438
Results					
Segment results	1,581,249	1,300,464	(33,634)	320,961	3,169,040
Loss on disposal of plant and equipment					(552,051)
Other unallocated income					150,187
Other unallocated expenses					(17,537,318)
Loss before taxation					(14,770,142)

* Other services income include interest income from money lending services of HK\$73,512 for the year ended 31 December 2020 (2019: HK\$nil).





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2019:

	Plant hire income HK\$	General sales from trading of machinery, tools and parts HK\$	General sales from trading of electronic and household products HK\$	Transportation and other services income HK\$	Total HK\$
Revenue					
Segment revenue from external customers	36,047,866	7,896,214	—	1,954,553	45,898,633
Revenue recognition					
At a point in time under HKFRS 15	—	7,896,214	—	1,954,553	9,850,767
Under HKFRS 16	36,047,866	—	—	—	36,047,866
Under HKFRS 9	—	—	—	—	—
	36,047,866	7,896,214	—	1,954,553	45,898,633
Results					
Segment results	19,551,910	1,816,413	—	758,641	22,126,964
Loss on disposal of plant and equipment					(35,788)
Other unallocated income					507,230
Other unallocated expenses					(18,467,030)
Profit before taxation					4,131,376

The unallocated expenses including administration staff costs, selling and distributions expenses, finance cost and other expenses which cannot be allocated to each segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Where the segment assets and liabilities are regularly reviewed by the chief operating decision maker.

For the year ended 31 December 2020:

	Plant hire income general sales from trading of machinery, tools and parts, and transportation and other services income HK\$	General sales from trading of electronic and household products HK\$	Consolidated HK\$
Assets			
Segment assets	164,067,627	13,456,317	177,523,944
Unallocated corporate assets			4,029,132
Consolidated total assets			181,553,076
Liabilities			
Segment liabilities	(54,543,039)	(2,071,402)	(56,614,441)
Unallocated corporate liabilities			(1,543,695)
Consolidated total liabilities			(58,158,136)

For the year ended 31 December 2019:

	Plant hire income general sales from trading of machinery, tools and parts, and transportation and other services income HK\$	General sales from trading of electronic and household products HK\$	Consolidated HK\$
Assets			
Segment assets	150,052,237	—	150,052,237
Unallocated corporate assets			23,925,213
Consolidated total assets			173,977,450
Liabilities			
Segment liabilities	(42,187,559)	—	(42,187,559)
Unallocated corporate liabilities			(680,400)
Consolidated total liabilities			(42,867,959)





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2020:

	General sales				Unallocated	Total
	Plant hire income	General sales from trading of machinery, tools and parts	from trading of electronic and household products	Transportation and other services income		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amounts included in the measure of segment results:						
Depreciation on plant and equipment	9,218,456	—	491	—	554,440	9,773,387
Depreciation on right of use assets	—	—	—	—	818,338	818,338
Loss on disposal of plant and equipment	—	—	—	—	552,051	552,051
Allowance for ECL on trade receivables	5,667,531	1,320,895	224,500	278,069	—	7,490,995

For the year ended 31 December 2019:

	General sales				Unallocated	Total
	Plant hire income	General sales from trading of machinery, tools and parts	from trading of electronic and household products	Transportation and other services income		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amounts included in the measure of segment results:						
Depreciation on plant and equipment	7,665,114	—	—	—	273,691	7,938,805
Depreciation on right of use assets	—	—	—	—	1,271,289	1,271,289
Loss on disposal of plant and equipment	—	—	—	—	35,788	35,788

As at 31 December 2020 and 2019, there is no transaction price allocated contract with customers, therefore in accordance with HKFRS15.120, there is no unsatisfied or partially satisfied remaining performance obligations.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's revenue from continuing operations from customers by location of operation and information about its non-current assets by location of assets are detailed below:

Revenue	Year ended 31 December	
	2020 HK\$	2019 HK\$
Hong Kong	14,283,130	30,171,891
Macau	44,160,298	13,745,269
Philippines	—	1,981,473
Uzbekistan	7,586,010	—
	66,029,438	45,898,633

Non-current assets	As at 31 December	
	2020 HK\$	2019 HK\$
Hong Kong	139,848,896	127,654,214

Information about major customers

Revenue from customers during the years ended 31 December 2020 and 2019 contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December	
	2020 HK\$	2019 HK\$
Customer A	24,536,513	5,370,538
Customer B	22,103,269	7,384,519
Customer C	7,586,010	—
Customer D	—*	6,347,960
Customer E	—*	14,238,017

* Revenue did not contribute over 10% of the total revenue of the Group for the year.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. NET OTHER (EXPENSES)/INCOME

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
Interest income	39,274	125,178
Loss on disposal of plant and equipment	(552,051)	(35,788)
Net exchange (loss)/gain	(52,052)	324,096
Subsidies from Construction Industry Council and Government	70,000	—
Others	40,913	57,956
	(453,916)	471,442

9. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
Interest on bank borrowings	265,583	350,969
Interest on bank overdrafts	238,324	240,332
Interest on finance leases	1,070,555	1,746,898
Interest on lease liabilities	42,137	44,891
Effective interest expense on convertible bonds	—	462,213
Other interest expenses	—	158,728
	1,616,599	3,004,031

10. INCOME TAX (CREDIT)/EXPENSE

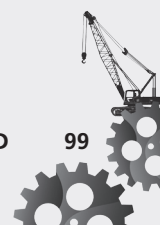
	Year ended 31 December	
	2020 HK\$	2019 HK\$
Current tax		
Hong Kong Profits Tax	—	—
Deferred taxation (Note 24)	(17,838)	1,996,564
	(17,838)	1,996,564

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The income tax (credit)/expense for the year can be reconciled from the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2020 HK\$	2019 HK\$
(Loss)/profit before taxation	(14,770,142)	4,131,376
Tax at applicable tax rate of 16.5%	(2,437,074)	681,172
Tax effect of income not taxable for tax purpose	(188,000)	(3,599)
Tax effect of expenses not deductible for tax purpose	2,559,064	1,320,864
Tax effect of temporary difference not recognised	(1,873)	(1,873)
Tax effect of tax losses not recognised	50,045	—
Income tax (credit)/expense for the year	(17,838)	1,996,564

There is no Macau, Philippines and Uzbekistan tax implication for the year (2019: nil).





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. (LOSS)/PROFIT FOR THE YEAR

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Directors' emoluments and allowance (Note 12)	2,059,710	1,827,419
Other staff costs:		
— Salaries, allowances and other benefits	8,142,338	4,804,723
— Bonus	1,045,800	303,500
— Government grants under Employment Support Scheme	(681,300)	—
— Retirement benefits scheme contributions	265,211	194,303
	8,772,049	5,302,526
Total staff costs	10,831,759	7,129,945
Auditor's remuneration	520,000	430,000
Cost of general sales		
— machinery, tools and parts	15,540,722	6,079,801
— electronic and household products	11,385,903	—
Depreciation of plant and equipment		
— owned assets	7,827,163	3,644,234
— assets held under finance leases	1,946,224	4,294,571
Depreciation on right of use assets	818,338	1,271,289
Repairs and maintenance expenses	4,618,071	1,650,728
Short term operating lease rentals in respect of rented premises	1,127,700	213,560
Allowance for ECL on trade receivables	7,490,995	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

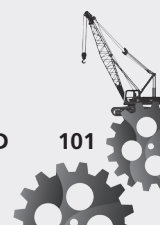
12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors/employees of subsidiaries, who were appointed as the director of the Company, during the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December	
	2020 HK\$	2019 HK\$
Directors' fees	440,129	237,097
Other emoluments:		
Basic salaries, allowances	1,619,581	1,470,322
Discretionary bonus	—	120,000
Retirement benefits scheme contributions	—	—
	2,059,710	1,827,419
Benefit in kind (Note i)	377,300	369,600
	2,437,010	2,197,019

Notes:

- (i) It represented the payment for settlement of lease liabilities of directors' quarter.
- (ii) No directors waived any emoluments for the years ended 31 December 2020 and 2019.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

For the year ended 31 December 2020:

	Fee HK\$	Basic salaries and allowance HK\$	Discretionary bonus HK\$	Retirement benefit scheme contributions HK\$	Allowance and Benefits in kind HK\$	Total HK\$
Executive directors						
Sou Peng Kan, Albert	—	1,425,000	—	—	377,300	1,802,300
Fok Hei Yuen, Paul	—	192,000	—	—	—	192,000
Lau, Lawrence Tak Sun (Note iii)	—	2,581	—	—	—	2,581
	—	1,619,581	—	—	377,300	1,996,881
Non-executive director						
Leung Man Chiu, Lawrence (Note ii)	80,129	—	—	—	—	80,129
Independent Non-Executive directors						
Lee Tak Fai, Thomas	120,000	—	—	—	—	120,000
Yau Lut Pong, Leo	120,000	—	—	—	—	120,000
Yue Wai Leung, Stan	120,000	—	—	—	—	120,000
	360,000	—	—	—	—	360,000
Total	440,129	1,619,581	—	—	377,300	2,437,010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

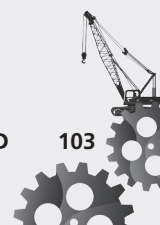
12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

For the year ended 31 December 2019:

	Fee HK\$	Basic salaries and allowance HK\$	Discretionary bonus HK\$	Retirement benefit scheme contributions HK\$	Allowance and Benefits in kind HK\$	Total HK\$
Executive directors						
Sou Peng Kan, Albert	—	1,380,000	120,000	—	369,600	1,869,600
Fok Hei Yuen, Paul	—	90,322	—	—	—	90,322
Lau, Lawrence Tak Sun (Note iii)	—	—	—	—	—	—
	—	1,470,322	120,000	—	369,600	1,959,922
Non-executive director						
Leung Man Chiu, Lawrence (Note ii)	67,741	—	—	—	—	67,741
Independent Non-Executive directors						
Lee Tak Fai, Thomas (Note i)	56,452	—	—	—	—	56,452
Yau Lut Pong, Leo (Note i)	56,452	—	—	—	—	56,452
Yue Wai Leung, Stan (Note i)	56,452	—	—	—	—	56,452
	169,356	—	—	—	—	169,356
Total	237,097	1,470,322	120,000	—	369,600	2,197,019

Notes:

- (i) Lee Tak Fai, Thomas, Yau Lut Pong, Leo and Yue Wai Leung, Stan were appointed as independent non-executive directors of the Company on 21 June 2019.
- (ii) Leung Man Chiu, Lawrence resigned as non-executive director of the Company on 21 July 2020.
- (iii) Lau, Lawrence Tak Sun was appointed as executive director of the Company on 30 December 2020.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals with the highest emoluments in the Group include one director for the years ended 31 December 2020 and 2019, respectively. Details of his emoluments are set out above. The remunerations for the remaining four and four individuals for the years ended 31 December 2020 and 2019, respectively are as follows:

	Year ended 31 December	
	2020 HK\$	2019 HK\$
Basic salaries, allowances and other benefits	2,675,900	1,910,000
Discretionary bonus	774,000	153,000
Retirement benefits scheme contributions	72,000	72,600
	3,521,900	2,135,600

Their emoluments were within the following bands:

	As at 31 December	
	2020 Number of employees	2019 Number of employees
Nil — HK\$1,000,000	3	4
HK\$1,000,001 — HK\$1,500,000	—	—
HK\$1,500,001 — HK\$2,000,000	1	—
	4	4

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2020 and 2019.

13. DIVIDEND

The Board did not recommend the payment of a dividend for the years ended 31 December 2020 and 2019.

14. (LOSS)/EARNINGS PER SHARE

(Loss)/Earnings

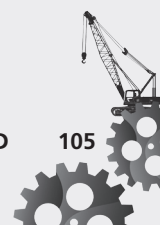
	Year ended 31 December	
	2020	2019
	HK\$	HK\$
(Loss)/profit for the year attributable to owners of the Company for the purposes of calculating basic (loss)/earnings per share	(14,752,304)	2,134,812

Number of shares

	Year ended 31 December	
	2020	2019
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	648,524,590	521,095,873

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share placings on 6 August 2020.

The Company did not have any potential ordinary shares outstanding during the year ended 31 December 2020 (2019: nil). Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment		Motor vehicles		Plant and machinery		Tools	Total
	Owned	Owned	Leased	Owned	Leased	Owned		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
COST								
At 1 January 2019	1,074,230	229,800	1,689,616	16,780,802	114,834,045	—	134,608,493	
Addition	3,791,784	749,100	—	15,411,586	8,732,801	—	28,685,271	
Disposal	—	(229,800)	(490,100)	(417,000)	—	—	(1,136,900)	
Transfer	—	544,438	(544,438)	77,197,253	(77,197,253)	—	—	
At 31 December 2019 and 1 January 2020	4,866,014	1,293,538	655,078	108,972,641	46,369,593	—	162,156,864	
Addition	182,525	4,793,119	—	12,378,973	7,573,773	10,104,868	35,033,258	
Disposal	(47,309)	—	—	(22,556,105)	—	(1,059,435)	(23,662,849)	
Transfer/reclassification	(4,406,735)	319,098	(319,098)	12,791,564	(12,791,564)	4,406,735	—	
At 31 December 2020	594,495	6,405,755	335,980	111,587,073	41,151,802	13,452,168	173,527,273	
ACCUMULATED DEPRECIATION, AND IMPAIRMENT								
At 1 January 2019	781,858	229,800	837,973	6,523,982	19,989,687	—	28,363,300	
Charge for the year	353,802	49,940	196,362	3,240,492	4,098,209	—	7,938,805	
Eliminated on disposal	—	(229,800)	(138,862)	(76,450)	—	—	(445,112)	
Transfer	—	544,438	(544,438)	14,737,806	(14,737,806)	—	—	
At 31 December 2019 and 1 January 2020	1,135,660	594,378	351,035	24,425,830	9,350,090	—	35,856,993	
Charge for the year	26,618	450,480	77,833	6,063,750	1,868,391	1,286,315	9,773,387	
Eliminated on disposal	(45,516)	—	—	(11,180,269)	—	(190,213)	(11,415,998)	
Transfer/reclassification	(719,663)	255,279	(255,279)	7,840,758	(7,840,758)	719,663	—	
At 31 December 2020	397,099	1,300,137	173,589	27,150,069	3,377,723	1,815,765	34,214,382	
CARRYING AMOUNTS								
At 31 December 2020	197,396	5,105,618	162,391	84,437,004	37,774,079	11,636,403	139,312,891	
At 31 December 2019	3,730,354	699,160	304,043	84,546,811	37,019,503	—	126,299,871	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. PLANT AND EQUIPMENT *(Continued)*

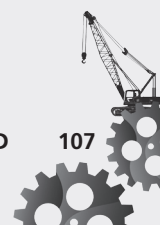
The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and office equipment	20%
Motor vehicles	20%
Plant and machinery	Over the relevant useful live, or 25 years whichever is the shorter
Tools	10%

Analysis of carrying amounts of plant and equipment held under finance leases is:

	As at 31 December	
	2020	2019
	HK\$	HK\$
Motor vehicles	162,391	304,043
Plant and machinery	37,774,079	37,019,503
	37,936,470	37,323,546

For the year ended 31 December 2020, the Group acquired plant and equipment with an aggregate cost of approximately HK\$35.0 million (2019: HK\$28.7 million) of which approximately HK\$6.8 million (2019: HK\$7.9 million) was acquired by means of financial leases. Cash payment of approximately HK\$28.2 million (2019: approximately HK\$20.8 million) was made to purchase plant and equipment.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. RIGHT-OF-USE ASSETS

	Land and Building
	HK\$
COST	
At 1 January 2019	3,119,372
Addition	1,225,154
Written off	(2,413,906)
At 31 December 2019 and 1 January 2020	1,930,620
Written off	(705,466)
At 31 December 2020	1,225,154
ACCUMULATED DEPRECIATION	
At 1 January 2019	1,718,894
Charge for the year	1,271,289
Written off	(2,413,906)
At 31 December 2018 and 1 January 2020	576,277
Charge for the year	818,338
Written off	(705,466)
At 31 December 2020	689,149
CARRYING AMOUNTS	
At 31 December 2020	536,005
At 31 December 2019	1,354,343

For all leases with a term of more than 12 months, unless the underlying asset is of low value, the Group as a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The above item of right-of-use assets is depreciated on a straight-line basis over the relevant lease terms.

For all short term leases (with a lease term of not more than 12 months) or leases for which the underlying asset is of low value, the Group as a lessee recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term, for detail please refer to notes 26 and note 11.

In addition, lease liabilities of HK\$549,373 (2019: HK\$1,364,080) are recognised with related right-of-use assets of HK\$536,005 (2019: HK\$1,354,343) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. INVENTORIES

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
Spare parts, at cost	1,260,065	1,149,505

18. TRADE AND OTHER RECEIVABLES

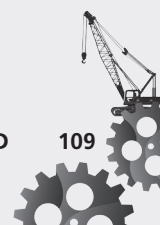
The following is an analysis of trade and other receivables.

	Year ended 31 December	
	2020	2019
	HK\$	HK\$
Trade receivables	41,804,058	15,274,885
Less: Allowance for ECL on trade receivables	(7,490,995)	—
	34,313,063	15,274,885
Rental and utilities deposits paid	414,085	323,185
Prepayments	458,441	584,969
Other receivables	—	164,682
	35,185,589	16,347,721

Revenue from contracts with customers included in the trade receivables were:

	As at 31 December	
	2020	2019
	HK\$	HK\$
Balance at the beginning of the year	15,274,885	10,304,809
Balance at the end of the year	34,313,063	15,274,885

The Group allows a credit period of 0-60 days to its customers. Before accepting any new customer, the Group makes enquiries to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an ageing analysis of trade receivable (net of allowance for ECL) presented based on the invoice date:

	As at 31 December	
	2020 HK\$	2019 HK\$
Within 30 days	3,608,254	695,962
31 to 60 days	1,929,792	34,615
61 to 90 days	6,273,924	353,616
91 to 120 days	5,751,058	6,156,057
121 to 365 days	16,504,185	7,957,855
Over 1 year	245,850	76,780
	34,313,063	15,274,885

Allowance for ECL amounting to HK\$7,490,995 has been recognised for the year (2019: HK\$Nil).

	within 30 days %	31 to 60 days HK\$	61 to 90 days HK\$	91 to 120 days HK\$	121 to 365 days HK\$	Over 1 year HK\$	Total HK\$
At 31 December 2020							
Expected loss rate	1.07%	1.85%	1.93%	1.91%	24.24%	88.54%	
Gross carrying amount – trade receivables	3,647,154	1,966,192	6,397,224	5,863,058	21,785,096	2,145,334	41,804,058
Allowance for ECL on trade receivable	38,900	36,400	123,300	112,000	5,280,911	1,899,484	7,490,995

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK\$32,636,109 (2019: HK\$14,578,923) which were past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired are as follows:

	As at 31 December	
	2020 HK\$	2019 HK\$
Overdue:		
Within 30 days	3,861,092	34,615
31 to 60 days	766,314	353,616
61 to 90 days	6,738,333	2,335,307
91 to 120 days	4,520,335	6,018,750
121 to 365 days	16,504,185	5,759,855
Over 1 year	245,850	76,780
	32,636,109	14,578,923

The movements in the allowance for ECL on trade receivables:

	As at 31 December	
	2020 HK\$	2019 HK\$
At 1 January	—	—
Allowance for ECL recognised during the year	7,490,995	—
At 31 December	7,490,995	—

The management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, and forward-looking analysis.

19. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/BANK OVERDRAFTS

Bank balances carry interest at market rates at 0% to 0.05% per annum (2019: 0.01% per annum) for the year ended 31 December 2020.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits as at 31 December 2020 amounting to HK\$2,921,466 (2019: HK\$2,915,421) have been pledged to secure banking facilities and are classified as current assets. The pledged bank deposits carry interest at 0.001% to 0.1% (2019: 0.05% to 0.7%) per annum.

Bank overdrafts carry interest at 0.5% or 1.5% above prime rate of relevant banks at 5.75% to 6.625% per annum, (2019: 5.75% to 6.5% per annum) for the year ended 31 December 2020.

The unutilised bank overdrafts and trade facilities as at 31 December 2020 amounted to approximately HK\$286,000 (2019: HK\$7,500,000).





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables:

	As at 31 December	
	2020	2019
	HK\$	HK\$
Trade payables	5,791,279	2,800,072
Contract liabilities (Note i)	16,054	300,000
Accrued expenses	3,215,286	1,264,437
Deposits and temporary receipts	10,000	14,998
	9,032,619	4,379,507

Payment terms granted by suppliers are 0-30 days from the invoice date of the relevant purchases. The Group has liquidity risk management in place to ensure that all payables are settled within the credit timeframe.

The following is an aging analysis of trade payables presented based on the invoice date:

	As at 31 December	
	2020	2019
	HK\$	HK\$
Within 30 days	2,447,236	853,358
31 to 60 days	453,837	81,769
61 to 90 days	329,089	163,005
Over 90 days	2,561,117	1,701,940
	5,791,279	2,800,072

Note i:

The contract liabilities primarily relate to the deposits or payments received in advance from customer for general sales from trading of machinery, tools and parts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER PAYABLES *(Continued)*

Revenue recognised in relation to contract liabilities are as follows:

	2020 HK\$	2019 HK\$
Balance at 1 January	300,000	1,934,499
Decrease in contract liabilities as a result of revenue recognised during the year	(300,000)	(1,934,499)
Increase in contract liabilities as a result of billing in advance of general sales from trading of machinery, tools and parts	16,054	300,000
Balance at 31 December	16,054	300,000

21. BANK BORROWINGS

	As at 31 December	
	2020 HK\$	2019 HK\$
Secured bank borrowings	10,000,000	594,214
Unsecured bank borrowings	—	5,000,000
Bank borrowings	10,000,000	5,594,214





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. BANK BORROWINGS (Continued)

	As at 31 December	
	2020 HK\$	2019 HK\$
Bank borrowings that do not contain a repayable on demand clause:		
Within one year	—	594,214
More than one year, but not more than five years	—	—
Bank borrowings that contain a repayable on demand clause:		
Within one year	10,000,000	5,000,000
More than one year, but not more than five years	—	—
	10,000,000	5,594,214
Less: Amounts due within one year shown under current liabilities	(10,000,000)	(5,594,214)
Amounts shown under non-current liabilities	—	—

The variable-rate borrowings at 31 December 2020 carry interest 4.18% per annum (2019: ranged from 5% to 5.25% per annum).

As at 31 December 2020, the Group's borrowings are secured by the trade receivable with carrying amounts of approximately HK\$19.5 million. As at 31 December 2019, the Group's borrowings are secured by the equipment with carrying amounts of approximately HK\$5.2 million.

22. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 December	
	2020 HK\$	2019 HK\$
Analysed for reporting purposes as:		
Current liabilities	22,362,358	22,420,730
Non-current liabilities	7,843	99,864
	22,370,201	22,520,594

According to HK-Int 5 which requires the classification of the whole term loans containing a repayment on demand clause as current liabilities, the aggregate carrying amounts of HK\$15,133,025 (2019: HK\$16,290,092) have been reclassified from non-current liabilities to current liabilities as at 31 December 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 December		As at 31 December	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
Within one year or contain a repayable on demand clause	24,024,873	24,363,651	22,362,358	22,420,730
In the second to fifth years inclusive	7,870	102,310	7,843	99,864
	24,032,743	24,465,961	22,370,201	22,520,594
Less: Future finance charges	(1,662,542)	(1,945,367)	—	—
Present value of finance lease obligations	22,370,201	22,520,594	22,370,201	22,520,594
Less: carrying amounts that due for settlement within twelve months or contain repayable on demand clause (shown under current liabilities)			(22,362,358)	(22,420,730)
Amount due shown under non-current liabilities			7,843	99,864

The Group acquires certain of its plant and machinery, and motor vehicles under finance leases. The average lease term entered by the Group for the leases outstanding as at 31 December 2020 ranged from 4 to 5 years (2019: 4 to 5 years). Interest rates underlying all obligations under finance leases as at 31 December 2020 ranged from 4.4% to 5.58% per annum (2019: 4.4% to 6.06% per annum).

As at 31 December 2020, the Group's borrowings, bank overdrafts and obligations under finance leases are secured and guaranteed by:

- the leased assets;
- pledged deposits of the Group of approximately HK\$2.9 million.
- trade receivable of the Group of approximately HK\$19.5 million.

As at 31 December 2019, the Group's borrowings, bank overdrafts and obligations under finance leases are secured and guaranteed by:

- the leased assets;
- pledged deposits of the Group of approximately HK\$2.9 million.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. LEASE LIABILITIES

	As at 31 December	
	2020	2019
	HK\$	HK\$
Analysed for reporting purposes as:		
Current liabilities	549,373	814,707
Non-current liabilities	—	549,373
	549,373	1,364,080

During the years ended 31 December 2020, the average lease terms were 3 years (2019: ranged from 2 to 3 years). The obligations under leases carried effective interest rates at 4.53% per annum (2019: ranged from 4.53% to 4.94% per annum).

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$
Amounts payable under obligating leases				
Within one year	561,089	856,844	549,373	814,707
More than one year but less than five years	—	561,089	—	549,373
	561,089	1,417,933	549,373	1,364,080
Less: future finance charges	(11,716)	(53,853)	—	—
Present value of obligation under obligating leases	549,373	1,364,080	549,373	1,364,080
Less: carrying amounts that due for settlement within twelve months			(549,373)	(814,707)
Amount due for settlement after twelve months			—	549,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities/(assets) recognised and movements thereon:

	Accelerated tax depreciation HK\$	Tax losses HK\$	Total HK\$
At 1 January 2019	13,551,609	(6,538,609)	7,013,000
Charge/(credit) to profit or loss (Note 10)	3,865,537	(1,868,973)	1,996,564
At 31 December 2019 and 1 January 2020	17,417,146	(8,407,582)	9,009,564
Charge/(credit) to profit or loss (Note 10)	2,464,938	(2,482,776)	(17,838)
At 31 December 2020	19,882,084	(10,890,358)	8,991,726

At the end of reporting period, the Group has unused tax losses of approximately HK\$66,305,465 (2019: HK\$50,955,042) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK\$66,002,161 (2019: HK\$50,955,042) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$303,304 (2019: HK\$nil) due to the unpredictability of future profit streams.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. SHARE CAPITAL

	2020		2019	
	Number of shares	HK\$	Number of shares	HK\$
<i>Authorised ordinary shares at HK\$0.01 per share</i>				
At 1 January (Note i)	8,000,000,000	80,000,000	38,000,000	380,000
Increased on 24 June 2019 (Note ii)	—	—	7,962,000,000	79,620,000
At 31 December	8,000,000,000	80,000,000	8,000,000,000	80,000,000
<i>Issued and fully paid ordinary shares at HK\$0.01 per share:</i>				
At 1 January	600,000,000	6,000,000	108	1
Issue of shares by conversion of convertible bonds (Note iii)	—	—	36	—*
Issue of shares pursuant to the capitalisation issue (Note iv)	—	—	449,999,856	4,499,999
Issue of shares under the share offer (Note v)	—	—	150,000,000	1,500,000
Issue of shares under the placing (Note vi)	120,000,000	1,200,000	—	—
At 31 December	720,000,000	7,200,000	600,000,000	6,000,000

Note i: The Company was incorporated in the Cayman Islands as an exempted company on 26 February 2016. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon incorporation, one nil-paid subscriber share was allotted and issued to the subscriber, which was transferred to Mr. Sou Peng Kan Albert on 26 February 2016. On 31 May 2016, the Company allotted and issued 99 shares in aggregate to Mr. Sou Peng Kan Albert, Ms. Chu Wing Yee and Mr. Fok Hei Yuen Paul which were credited as fully paid as consideration for the transfer of their shareholding interest in World Super Limited to the Company.

Note ii: Pursuant to the written resolutions of the sole shareholder passed on 21 June 2019, the authorised share capital of the Company increased from HK\$380,000 to HK\$80,000,000 divided into 8,000,000,000 ordinary shares of HK\$0.01 each by creation of an additional 7,962,000,000 shares.

Note iii: On 24 June 2019, upon conversion of the convertible bonds, the company allotted and issued to each of Integrated Asset Management (Asia) Limited, Mr. Yang Fan and Rosy Dragon Global Limited, credited as fully paid, 12, 6 and 18 shares respectively.

Note iv: Conditional on the share premium account of the Company being credited with the proceeds from the Share Offer, HK\$ 4,499,998.56 will be capitalised from the share premium account of the Company and applied in paying up in full at par 449,999,856 new shares for the allotment and issuance to the existing shareholders of the Company, being Mr. Sou Peng Kan Albert as to 228,124,927 Shares, Ms. Chu Wing Yee as to 34,374,989 shares, Mr. Fok Hei Yuen Paul as to 74,999,976 shares, Integrated Asset Management (Asia) Limited, a company incorporated in British Virgin Islands with limited liability, as to 37,499,988 shares, Mr. Yang Fan as to 18,749,994 shares and Rosy Dragon Global Limited, a company incorporated in British Virgin Islands with limited liability, as to 56,249,982 shares, on 12 July 2019.

Note v: In connection with the listing of the shares of the Company on GEM of the Stock Exchange on 12 July 2019 (the "Listing"), the Company allotted and issued a total of 150,000,000 ordinary shares at HK\$0.55 per share for an aggregate consideration of HK\$82,500,000.

Note vi: On 6 August 2020, the Company issued 120,000,000 ordinary shares under general mandate through a placement. The aggregate gross proceeds from the placing was HK\$7,320,000 and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the placing was HK\$7,037,753. The share capital has increased by HK\$1,200,000, while HK\$5,837,753 were credited to share premium.

Issued capital of the Group as at 31 December 2020 and 2019 represents the paid up capital of the Company.

* Issued capital for the year less than HK\$1

26. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of each reporting period, the Group had contracted for the following future minimum lease income under non-cancellable operating leases which fall due as follows:

	2020 HK\$	2019 HK\$
Within one year	5,379,908	25,251,538

The Group as lessee

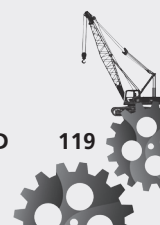
At the end of the reporting period, the Group had contracted for the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December	
	2020 HK\$	2019 HK\$
Within one year	426,340	114,000

Operating lease payments represent rentals payable by the Group for certain warehouse and machineries.

Following the Group's adoption of HKFRS 16 Leases, the resulting impact on the consolidated statement of profit or loss and other comprehensive income and consolidated statements of cash flows is as follows:

	As at 31 December	
	2020 HK\$	2019 HK\$
Depreciation charge on right-of-use assets (note 11)	818,338	1,271,289
Interest on lease liabilities (note 9)	42,137	44,891
Expense relating to short term leases (note 11)	1,127,700	213,560
Additions to right-of-use assets (note 16)	—	1,225,154
Cash outflows in respect of leases (note 31)	814,707	1,298,955
Carrying amount of right-of-use assets (note 16)	536,005	1,354,343





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the years ended 31 December 2020 and 2019.

The capital structure of the Group consists of debt, which includes bank borrowings, bank overdrafts and obligations under finance leases, as disclosed in Notes 21, 19 and 22, respectively, net of bank balances and cash, and equity.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and the issue of new shares, new debts or the redemption of existing debts.

28. RETIREMENT BENEFITS PLANS

The Group contributes to MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs to the MPF Scheme.

During the years ended 31 December 2020, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is HK\$265,211 (2019: HK\$194,303), which represent contributions payable to the scheme by the Group at rates specified in the rules of the schemes.

29. RELATED PARTY DISCLOSURES

Balance with related parties is disclosed in the consolidated statements of financial position and related notes.

The Company's key management personnel are the directors and their remunerations are disclosed in Note 12.

30. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 21 June 2019. The purpose of the Share Option Scheme is to attract and retain or otherwise maintaining on-going business relationships with, and to provide incentive to eligible participants(s) including employees (full-time and part-time), executives or officers, directors, advisers, consultants, suppliers, customers, agent and other persons approved by the board of directors, to optimize their performance and efficiency for the benefit of the Group.

The board of directors may, at its absolute discretion, offer to grant an option to eligible participant(s) to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Group must not in aggregate exceed 10% of the total number of shares in issue at the time dealings in the shares of the Company first commence on the Stock Exchange.

The Share Option Scheme will remain in force for a period of ten years from its adoption date.

No options were granted or exercised during the year ended 31 December 2020 and no share options were outstanding as at 31 December 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank overdraft interest payable HK\$	Trade and other payables interest payable HK\$	Bank borrowings HK\$	Obligation under financial leases HK\$	Lease liabilities HK\$	Convertible bonds HK\$	Total HK\$
At 1 January 2019	—	—	7,967,610	44,552,867	1,437,881	14,482,003	68,440,361
Interest paid	(240,332)	(158,728)	(350,969)	(1,746,898)	(44,891)	—	(2,541,818)
Repayment of borrowings	—	—	(2,373,396)	—	—	—	(2,373,396)
Repayment of obligations under finance leases	—	—	—	(29,886,773)	—	—	(29,886,773)
Repayment of lease liabilities	—	—	—	—	(1,298,955)	—	(1,298,955)
	(240,332)	(158,728)	(2,724,365)	(31,633,671)	(1,343,846)	—	(36,100,942)
Interest expenses	240,332	158,728	350,969	1,746,898	44,891	462,213	3,004,031
Converted into ordinary shares	—	—	—	—	—	(14,944,216)	(14,944,216)
Purchase of plant and equipment	—	—	—	7,854,500	—	—	7,854,500
Addition of lease liabilities	—	—	—	—	1,225,154	—	1,225,154
	240,332	158,728	350,969	9,601,398	1,270,045	(14,482,003)	(2,860,531)
At 31 December 2019 and 1 January 2020	—	—	5,594,214	22,520,594	1,364,080	—	29,478,888
Interest paid	(238,324)	—	(265,583)	(1,070,555)	(42,137)	—	(1,616,599)
New borrowings raised	—	—	10,000,000	—	—	—	10,000,000
Repayment of borrowings	—	—	(5,594,214)	—	—	—	(5,594,214)
Repayment of obligations under finance leases	—	—	—	(6,953,793)	—	—	(6,953,793)
Repayment of lease liabilities	—	—	—	—	(814,707)	—	(814,707)
	(238,324)	—	4,140,203	(8,024,348)	(856,844)	—	(4,979,313)
Interest expenses	238,324	—	265,583	1,070,555	42,137	—	1,616,599
Purchase of plant and equipment	—	—	—	6,803,400	—	—	6,803,400
	238,324	—	265,583	7,873,955	42,137	—	8,419,999
At 31 December 2020	—	—	10,000,000	22,370,201	549,373	—	32,919,574





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

32. PARTICULARS OF SUBSIDIARIES/INVESTMENT IN SUBSIDIARIES

	2020 HK\$	2019 HK\$
Unlisted shares, at cost	20,082	10,078

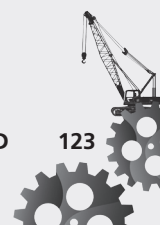
At 31 December 2020 and 2019, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place/country of incorporation	Nominal value of issued capital	Equity interest attributable to the Company				Principal activities
			Directly		Indirectly		
			2020 %	2019 %	2020 %	2019 %	
New Pilot Global Limited	BVI	US\$10	100	100	—	—	Investment holding
World Super Limited	HK	HK\$5,500,000	—	—	100	100	Hire and trading of machinery and transportation and provision of service
World Super Capital Limited	HK	HK\$10,000	100	100	—	—	money lending business
Yummy Network Technology Company Limited	HK	HK\$10,000	100	—	—	—	Trading of electronic and household product
Richmax Construction Engineering Limited	HK	HK\$1	100	—	—	—	Provision of construction works, which included foundation works and ancillary services
Rise Mind Limited	HK	HK\$1	100	—	—	—	Investment holding
Success Dragon Holdings Limited	HK	HK\$1	100	—	—	—	Investment holding
WS Group Limited	HK	HK\$1	100	—	—	—	Investment holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	Year ended 31 December	
		2020 HK\$	2019 HK\$
Non-current Asset			
Investments in subsidiaries	32	20,082	10,078
Current Assets			
Amount due from subsidiaries		83,988,170	59,643,029
Prepayments		177,495	237,533
Bank balance and cash		64,606	23,687,680
		84,230,271	83,568,242
Current liabilities			
Accrued expense		1,528,285	680,400
Net Current Assets		82,701,986	82,887,842
Total Assets Less Current Liabilities		82,722,068	82,897,920
Net Assets		82,722,068	82,897,920
Capital and Reserves			
Share capital	25	7,200,000	6,000,000
Share premium	34	99,194,024	93,356,271
Accumulated losses	34	(23,671,956)	(16,458,351)
Total Equity		82,722,068	82,897,920





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. COMPANY'S STATEMENTS OF CHANGES IN EQUITY

The followings are the movements of the Company's equity for the years ended 31 December 2020 and 2019:

	Share capital HK\$	Share premium HK\$	Convertible bonds equity reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2019	1	8,499,999	864,000	(8,481,785)	882,215
Issue of shares by conversion of convertible notes (Note 25)	—*	15,808,216	(864,000)	—	14,944,216
Issue of shares pursuant to the capitalisation issue (Note 25)	4,499,999	(4,499,999)	—	—	—
Issues of shares under the share offer (Note 25)	1,500,000	81,000,000	—	—	82,500,000
Transaction costs directly attributable to issue of share upon listing	—	(7,451,945)	—	—	(7,451,945)
Loss for the year	—	—	—	(7,976,566)	(7,976,566)
At 31 December 2019 and 1 January 2020	6,000,000	93,356,271	—	(16,458,351)	82,897,920
Issues of shares by share placing (Note 25)	1,200,000	6,120,000	—	—	7,320,000
Transaction costs directly attributable to issue of share upon placing	—	(282,247)	—	—	(282,247)
Loss for the year	—	—	—	(7,213,605)	(7,213,605)
At 31 December 2020	7,200,000	99,194,024	—	(23,671,956)	82,722,068

* Issued capital for an amount of less than HK\$1

35. EVENT AFTER REPORTING PERIOD

The Group entered into sale agreements with third parties for the disposal of machineries for total cash consideration of HK\$7.5 million. For details, please refer to the announcement published by the Company on 20 January 2021 and 28 January 2021.