

WORLD SUPER HOLDINGS LIMITED

維亮控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8612

ANNUAL 2023 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.

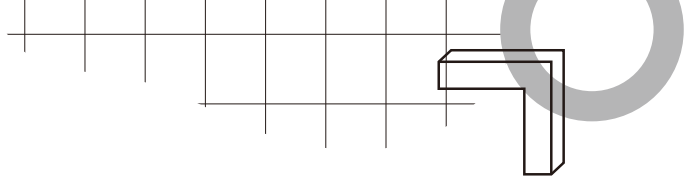
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Director(s)”) 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*)
LAU Lawrence Tak Sun
LIN Dongsheng
ZHANG Wei (*appointed on 23 June 2023*)
CHAN Lok Yin (*appointed on 30 June 2023*)
FOK Hei Yuen Paul (*resigned on 1 July 2023*)

Independent Non-executive Directors

CHIM Tak Lai
DU Min (*appointed on 3 August 2023*)
CHEN Jie (*appointed on 31 August 2023*)
LEE Tak Fai Thomas (*resigned on 31 August 2023*)
YUE Wai Leung Stan (*resigned on 3 August 2023*)

COMPLIANCE OFFICER

SOU Peng Kan Albert

AUTHORISED REPRESENTATIVES

SOU Peng Kan Albert
CHAN Lok Yin (*appointed on 30 June 2023*)
MAK Wai Kit (*resigned on 30 June 2023*)

COMPANY SECRETARY

CHAN Lok Yin (*appointed on 30 June 2023*)
MAK Wai Kit (*resigned on 30 June 2023*)

AUDIT COMMITTEE

CHEN Jie (*Chairman*) (*appointed on 31 August 2023*)
CHIM Tak Lai
DU Min (*appointed on 3 August 2023*)
LEE Tak Fai Thomas (*resigned on 31 August 2023*)
YUE Wai Leung Stan (*resigned on 3 August 2023*)

REMUNERATION COMMITTEE

CHIM Tak Lai (*Chairman*)
SOU Peng Kan Albert
ZHANG Wei (*appointed on 30 June 2023*)
DU Min (*appointed on 3 August 2023*)
CHEN Jie (*appointed on 31 August 2023*)
FOK Hei Yuen Paul (*resigned on 1 July 2023*)
LEE Tak Fai Thomas (*resigned on 31 August 2023*)
YUE Wai Leung Stan (*resigned on 3 August 2023*)

NOMINATION COMMITTEE

SOU Peng Kan Albert (*Chairman*)
LIN Dongsheng
CHIM Tak Lai
DU Min (*appointed on 3 August 2023*)
CHEN Jie (*appointed on 31 August 2023*)
LEE Tak Fai Thomas (*resigned on 31 August 2023*)
YUE Wai Leung Stan (*resigned on 3 August 2023*)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

LEGAL ADVISER

Yick & Chan, Solicitors
Suite A1, 11/F, One Capital Place
18 Luard Road, Wanchai
Hong Kong

AUDITOR

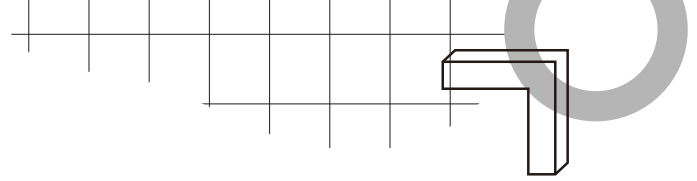
McMillan Woods (Hong Kong) CPA Limited
24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

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



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

STOCK CODE

8612



FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2023



RESULTS	2023 HK\$	Year ended 31 December			
		2022 HK\$	2021 HK\$ (Restated) (note a)	2020 HK\$ (Restated) (note a)	2019 HK\$ (note b)
Continuing operations					
Revenue	23,088,446	16,341,937	30,380,967	54,452,178	45,898,633
Gross profit	3,601,886	5,081,335	17,524,090	17,119,047	24,708,597
(Loss)/profit for the year	(36,727,040)	(33,228,690)	(21,510,769)	(14,329,772)	2,134,812
Discontinued operation					
Loss for the year	–	(286,750)	(10,352,600)	(422,532)	–

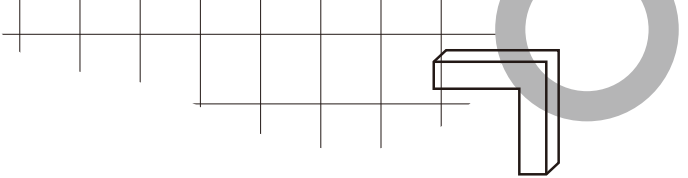
SUMMARY OF ASSETS AND LIABILITIES	2023 HK\$	Year ended 31 December			
		2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$
Total assets	50,600,043	102,098,974	153,925,994	181,553,076	173,977,450
Total liabilities	10,907,339	25,679,230	47,764,725	58,158,136	42,867,959
Net assets	39,692,704	76,419,744	106,161,269	123,394,940	131,109,491

Notes:

- (a) Due to the disposal of a subsidiary, Yummy Network Technology Company Limited (“Yummy Network”), completed on 29 April 2022, the comparative financial information for the years ended 31 December 2021 and 2020 of the Group has been restated to reflect the exclusion of financial information of the disposed subsidiary.
- (b) The financial information of the Group has not been restated as there is no operation result from Yummy Network during years ended 31 December 2019.



CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of board of directors (the "Board") of World Super Holdings Limited (together with its subsidiaries, the "Group"), I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2023 to our shareholders and investors.

The Group recorded total revenue from continuing operations of approximately HK\$23.1 million for the year ended 31 December 2023, representing an increase of approximately 41.7% or HK\$6.8 million from approximately HK\$16.3 million for the year ended 31 December 2022. The Group's loss for the year from continuing operation decreased from approximately HK\$33.2 million for the year ended 31 December 2022 to approximately HK\$36.7 million for the year ended 31 December 2023, which was mainly due to the net effect of increase of loss on disposal of plant and equipment, increase in impairment losses under expected credit loss model and administrative expenses, being partially compensated by the decrease of impairment loss on plant and equipment.

In 2023, after overcoming the challenges of the COVID-19 pandemic and under the influence of external uncertainties, China's economy maintained a steady recovery trend. The government implemented a number of policies to support economic growth and structural optimization. In an environment where the overall economic growth is slowing down, we still achieved growth in the number of customers.

BUSINESS REVIEW AND FINANCIAL PERFORMANCE

Hong Kong experienced a robust economic rebound when it opened its border in early 2023 with the lifting of anti-pandemic restrictive measures, Hong Kong's economy continued to revive during the year ended 31 December 2023 and has been on a path of recovery. The Group recorded revenue amounting of HK\$23.1 million for the year ended 31 December 2023, increased by approximately HK\$6.8 million or 41.7% as compared with 2022.

FUTURE PROSPECTS

The Group aims to deliver a safe and reliable supply of construction machinery rental as well as the caring, competent and efficient services to customers; offer a grow and sustainable performance to shareholders; create extensive professional and personal development opportunities to employees; and contribute to the protection and improvement of the environment in the PRC. Looking forward, the Group is optimistic about the growth of number of construction tender along with Hong Kong. The Group believes that favourable government policies and industry trends in Hong Kong will foster the development of the rental services of construction sector and stimulate domestic demand for the construction machinery rental. The Group has been actively considering and exploring various business opportunities according to the market conditions with an aim to diversify the income sources and to enhance the shareholders' value.

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I would like to express my sincere thanks to all customers, business partners and investors for your support and trust, and to all colleagues, for your work in execution of the Group's strategies and operations.

Sou Peng Kan Albert

Chairman and Executive Director

Hong Kong, 28 March 2024



MANAGEMENT DISCUSSION AND ANALYSIS



FINANCE PERFORMANCE

The Group recorded total revenue from continuing operations of approximately HK\$23.1 million for the year ended 31 December 2023, representing an increase of approximately 41.7% or HK\$6.8 million from approximately HK\$16.3 million for the year ended 31 December 2022. The total gross profit from continuing operations of the Group was approximately HK\$3.6 million for the year ended 31 December 2023, representing a decrease of approximately 29.4% or HK\$1.5 million from approximately HK\$5.1 million for the year ended 31 December 2022. The gross profit margin of continuing operations decreased to approximately 15.6% for the year ended 31 December 2023.

The Group's loss for the year increased from approximately HK\$33.2 million for the year ended 31 December 2022 to approximately HK\$36.7 million for the year ended 31 December 2023, which was mainly due to the net effect of increase of loss on disposal of plant and equipment, increase in impairment losses under expected credit loss model and administrative expenses, being partially compensated by the decrease of impairment loss on plant and equipment.

Loss per share of the Group from continuing and discontinued operations for the year ended 31 December 2023 was approximately 4.25 HK cents. The Directors do not recommend payment of a final dividend for the year ended 31 December 2023.

BUSINESS REVIEW

Our Group mainly undertakes (i) provision of rental services of crawler cranes, oscillators, a kind of bored 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 and Macau; (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; and (v) 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\$16.0 million for the year ended 31 December 2022 to approximately HK\$9.9 million for the year ended 31 December 2023. The decrement is due to the decrease in plant hire income from owned rental fleet.



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\$36,000 for the year ended 31 December 2022 to approximately HK\$4.0 million for the year ended 31 December 2023. 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\$0.3 million for the year ended 31 December 2022 to approximately HK\$0.8 million for the year ended 31 December 2023. The increment was mainly due to more transportation and other service provided to customers.

Construction services

Construction services provided by us mainly include piling works and other ancillary services.

During the year ended 31 December 2023, HK\$8.0 million was generated from the construction services business (2022: HK\$Nil).

Money lending

As one of the business segments of the Group, its money lending business has been conducted through its wholly-owned subsidiary, World Super Capital Limited ("World Super Capital"), to grant loans to individuals and corporations and generates interest incomes from such loan facilities as revenue. The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Cap. 163 (the "MLO"). The Group is required to and has, at all times, strictly complied with all relevant laws and regulations including MLO. The Group has followed all forms and procedures prescribed under the provisions of the MLO when making relevant application for the renewal of Money Lender License and conducting our money lending business.

The money lending business of World Super Capital, is predominantly focused on short-term loans with a maturity period from 1 year, with the occasional slightly longer term of 1 year. The borrower clients of World Super Capital include companies incorporated in Hong Kong and are predominantly introduced to the Group on referral basis by the directors of World Super Capital. The interest rates of the loans advanced by World Super Capital to the borrowers are predominantly at fixed rates of 18% per annum, determined with reference to the market rates from time to time.



Credit assessment and loan collection policies

Before accepting any application from prospective borrowers seeking to obtain a loan from World Super Capital, certain credit assessment procedures are required to be complied with according to the internal policy of World Super Capital. Applicants wishing to borrow a loan from World Super Capital are required to complete a loan application form and provide the required loan application documents for verification and due diligence process. All loan applications are subject to credit review, anti-money laundering and counter-terrorist financing review and approval by the directors of World Super Capital. World Super Capital will conduct the credit assessment on the applicant with the information provided by the applicant or obtained through public search, which may include (but are not limited to): (i) conducting a check on background information provided by applicant against public search; (ii) obtaining and reviewing the latest financial information of the applicant for the latest financial year and applicable period, including sales breakdown by customers, material cashflow information and tax payment, etc.; (iii) obtaining and reviewing the details of bad and doubtful debts of the applicant for the latest financial year and applicable period (if any); (iv) conducting a litigation search and check for any unresolved or unsettled significant litigation against the applicant; (v) obtaining and reviewing the purchase contract(s) and order(s) of the applicant for which the loan is proposed to be drawn; and (vi) conducting asset evaluation on the applicants and/or its shareholders (if any).

The directors of World Super Capital will consider each loan application on a case-by-case basis and make reference to the result of credit assessment process together with the following factors to consider and approve the loan application, including: (i) the purpose, loan size, tenor, interest rate and other terms of the loan; (ii) the credit history of the applicant with World Super Capital; and (iii) the sufficiency of investments and assets held by the applicant in the People's Republic of China or Hong Kong showing financial capability of the applicant to repay the loan and consider whether any security and/or guarantee are required to be provided by the applicant. After the loan transactions are entered into, regularly reviews on the loan performance and overall risk profile will be conducted by World Super Capital of its loan portfolios.

Further, World Super Capital has in place loan collection and loan portfolio monitoring policies which are applicable to all loans granted or renewed by World Super Capital. Where any borrower has failed to make any repayment on the due date, the staff of World Super Capital will demand repayment from the borrower and pay a visit to the address of such borrower. If any borrower continues to fail to repay any amount due and owing to World Super Capital, legal advisers would be engaged to formally demand repayment from such borrower and the Company will consider taking further legal action as and when appropriate, subject to legal advice to be obtained from the legal advisers. All existing borrowers of World Super Capital have proven satisfactory track record on making timely repayment and no additional debt collection procedures were required to be taken by World Super Capital for the year ended 31 December 2023.

Loan impairment policy

The management of World Super Capital will prepare annual reports to the Board to inform them of the figures of overdue loans for the relevant year. As at the relevant balance sheet date, the Board will assess whether there are any indications of impairment on the loan receivables, and if so, perform an impairment test and determine the amount of impairment loss to be recognised.

In determining the expected credit loss ("ECL") for loan receivables, historical data are assessed together with other external information and are adjusted to reflect current and forward-looking information on macroeconomic factors. To ensure the adequacy of allowance for ECL on loan receivables, the Group engaged an independent firm of professional valuers to conduct a valuation on the allowance for ECL on loan receivables recognised for each financial year, and this impairment allowance was also cross-examined by auditor of the Company.



The Group applies the general approach under Hong Kong Financial Reporting Standard 9 (HKFRS 9), which is often referred to as the “three-stage model”, under which ECL of loan receivables are determined based on (a) the changes in credit quality of the loan receivables since initial recognition, and (b) the estimated expectation of economic loss of the loan receivable under consideration. Under the general approach, there are two measurement bases for allowance of ECL: (a) 12-month ECL, which is the ECL as a result of default events that are possible within 12 months after the reporting date and is calculated as the allowance for ECL on a loan receivable weighted by the probability of default events accumulated over the 12 months after the reporting date; (b) lifetime ECL, which is the ECL as a result of all possible default events over the expected life of a loan receivable and is calculated as the allowance for ECL on a loan receivable weighted by the probability of default event accumulated over the entire life of the loan receivable. The allowance for ECL on loan receivables is derived from gross credit exposure, recovery rate and probability of default.

The Board considers that the credit assessment policy in place, which is stringently complied with by World Super Capital prior to entering into any loan transactions with any prospective borrower(s), is effective and adequate in serving the purpose of assessing the potential benefits and risks of each prospective loan transaction of the Company. Thorough background check and due diligence are carried out by World Super Capital on the prospective borrowers and their business operations and financial conditions before any loan transactions are entered into. The Board also considers the loan collection and loan portfolio monitoring policies and loan impairment policy to be effective and adequate.

Loan portfolio as at 31 December 2023

As disclosed above, the Group’s loan portfolio includes individual borrowers and corporate borrowers. As at 31 December 2023, the Group had a total of two outstanding loans amounting to total outstanding loan receivables (before allowance for credit losses) of HK\$5,800,000 (collectively, “Outstanding Loans” and each an “Outstanding Loan”) and allowance for credit losses on loan receivables amounting to approximately HK\$81,000 due by a total of two borrowers, of which two was corporate borrowers. As at 31 December 2023, the largest and the top two largest borrowers in the money lending business of the Company accounted for approximately 52% and 100% of the total loan receivables of the Company respectively. One of the Outstanding Loans constituted a notifiable transaction of the Company under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The maturity, interest rate and structure (i.e. with or without collateral) of the relevant loans were determined based on the commercial interest of the Group as a whole, with reference to, amongst others, (i) the risk level of the loan (including but not limited to the availability of collaterals and/or personal guarantees); (ii) the principal amount of the loan; and (iii) the financial condition of the borrower.



MANAGEMENT DISCUSSION AND ANALYSIS



The ageing analysis of loan receivables (before allowance for credit losses) based on initial loan commencement date as set out in the relevant contracts is as follows:

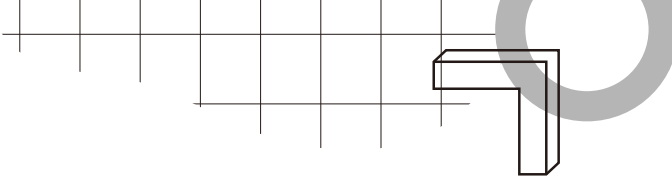
	As at 31 December 2023 HK\$'000
Within 45 days	3,000
46 days to 180 days	–
181 days to 365 days	2,800
Total	5,800

The ageing analysis of loan receivables based on the maturity dates as set out in the relevant contracts is as follows:

	As at 31 December 2023 HK\$'000
Not yet due	5,800
Overdue	–
Total	5,800

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and its/her/his assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan. The Group has not adopted standard commercial terms for granting loan facilities to its clients, such commercial terms will depend on the credit assessment and/or collateral level of particular client. Where collaterals are required, such loans are generally secured by construction machinery or other assets as collaterals.

Under the Group's current credit policy, unless otherwise approved by the Board under special circumstances (i) no loan, whether secured or unsecured, shall be granted by the Group that exceeds the maximum loan amount preset by the Group, (ii) for secured loans, the loan to collateral value ratios shall not exceed 90% and the tenor shall not exceed 36 months, and (iii) for unsecured loans, they should meet the requirement that the debt to income ratio of a borrower shall not exceed 50% and the tenor shall not exceed 24 months.



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 2023, HK\$420,000 revenue generated from the money lending business (2022: HK\$Nil).

OUTLOOK AND PROSPECTS

After three years of the pandemic, as economic activities returned to normal, the global recovery faced obstacles such as high commodity prices and inflation, disruptions in supply chains, escalating geopolitical tensions, and aggressive tightening of monetary policy in developed economies. These factors have also contributed to financial sector difficulties. Projections indicate a decline in global growth from 3.5% in 2022 to 3.0% in 2023 and 2024. Given the current economic uncertainty, the Group anticipates a challenging outlook for the upcoming financial year. We will adopt a cautious approach in managing our business operations and financial resources while maximizing our potential to secure new orders during this difficult period.

Looking forward, the Directors consider that the future opportunities and challenges which the Group face will be affected by uncertainty to construction industry due to the availability of construction projects from the public and private sectors in Hong Kong. Our Group stays positive about the prospect of the construction market and will continue to focus on our core business.

FINANCIAL OVERVIEW

Continuing operation

Revenue

The Group's revenue includes (i) plant hire income from leasing of construction machinery, general sales from trading of construction machinery, tools and parts, transportation and other services income; (ii) construction services income; and (iii) interest income from money lending business.

The Group's revenue increased from approximately HK\$16.3 million for the year ended 31 December 2022 to approximately HK\$23.1 million for the year ended 31 December 2023, representing an increase of approximately 41.7% which mainly due to the increase of income generated from the segments of construction services and money lending business.

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 2023, the Group's cost of sales and services amounted to approximately HK\$19.5 million (2022: approximately HK\$11.3 million). The increase in cost of sales and services was mainly due to the increase in subcontracting costs incurred by the construction services segment.

Gross profit and gross profit margin

The gross profit and gross profit margin of the Group were approximately HK\$3.6 million and approximately 15.6% for the year ended 31 December 2023, respectively.



Other income, gains or (losses)

Other income, gains or (losses) mainly represent the loss on disposal of plant and equipment, bank interest income and net exchange gain. The Group's other income, gains or (losses) increased to approximately HK\$5.3 million for the year ended 31 December 2023 from approximately HK\$2.4 million for the year ended 31 December 2022, which was mainly due to the increase in the loss on disposal of plant and equipment to approximately HK\$5.5 million for the year ended 31 December 2023 from approximately HK\$2.4 million for the year ended 31 December 2022.

Finance costs

Finance costs of the Group amounted to approximately HK\$0.8 million for the year ended 31 December 2023 (2022: approximately HK\$1.8 million). The decrease in finance costs was mainly due to the decrease in the Group's bank borrowing and obligation under finance lease.

Administrative expenses

Administrative expenses mainly include staff costs, short term operating lease rental in respects of rental premises, and listing-related expenses. For the year ended 31 December 2023, the Group's administrative expenses amounted to approximately HK\$19.9 million (2022: approximately HK\$14.2 million). The increase is mainly due to the increase in the staff cost and short term operating lease rental.

Taxation

The Group's income tax credit decreased to approximately HK\$2.2 million for the year ended 31 December 2023 from approximately HK\$4.4 million for the year ended 31 December 2022. The change was mainly because of the decreased in the timing difference in relation to the accelerated depreciation during the year ended 31 December 2023.

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

Loss for the Year

The Group's loss for the year increased from approximately HK\$33.2 million for the year ended 31 December 2022 to approximately HK\$36.7 million for the year ended 31 December 2023, which was mainly due to the net effect of increase of loss on disposal of plant and equipment, increase in impairment losses under expected credit loss model and administrative expenses, being partially compensated by the decrease of impairment loss on plant and equipment.

Discontinued operations

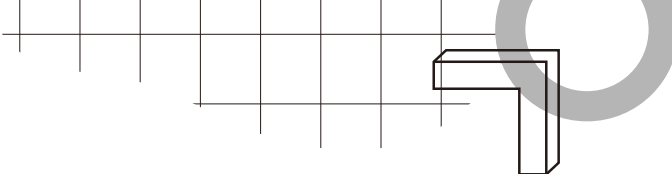
With effect from 18 March 2022, the financial results of general sales from trading of electronic and household products segment was classified as the discontinued operation because the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Yummy Network.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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



MANAGEMENT DISCUSSION AND ANALYSIS



As at 31 December 2023, the Group had bank balances and cash of approximately HK\$11.1 million (2022: approximately HK\$9.8 million) and pledged bank deposits of approximately HK\$1.5 million (2022: approximately HK\$2.9 million). The balance of bank balance and cash remains the same level.

The interest-bearing loans of the Group as at 31 December 2023 was approximately HK\$4.9 million (2022: approximately HK\$20.7 million).

The scheduled repayment date of the Group's bank borrowings and obligation under finance lease amounting to approximately HK\$4.9 million (2022: HK\$17.9 million), as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2023	2022
	HK\$	HK\$
Within 1 year	2,483,795	10,334,148
Between 1 and 2 years	1,795,025	5,811,474
Between 2 and 5 years	622,370	1,761,481
Between 2 and 5 years	4,901,190	17,907,103

As at 31 December 2023 and 2022, the Group did not have any convertible bonds.

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 2023 was approximately 14.6% (2021: approximately 27.1%).

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 decreased from approximately HK\$9.6 million for the year ended 31 December 2022 to approximately HK\$1.6 million for the year ended 31 December 2023, while the trade receivable turnover days decreased from approximately 388.6 days for the year ended 31 December 2022 to approximately 143.0 days for the year ended 31 December 2023. 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.



PLEDGE OF ASSETS

The Group's plant and machinery with aggregate carrying amounts of approximately HK\$14.1 million and HK\$25.7 million as at 31 December 2023 and 2022, respectively, were pledged under finance leases and bank borrowings.

As at 31 December 2023, the Group has pledged bank deposit of approximately HK\$1.5 million (2022: 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.

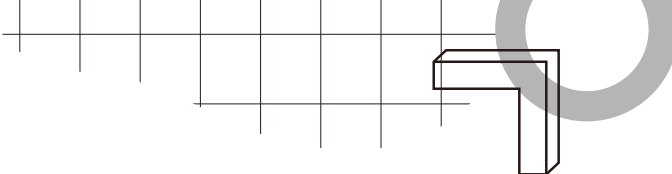
Credit risk management

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 2023, the Group did not have any significant capital commitments (2022: HK\$Nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have material contingent liabilities (2022: HK\$Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group did not have the plans for material investments and capital assets acquisition.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2023, the Group did not have other significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 15 full-time employees (not including our Directors) and 2 part-time employees (2022: 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 plan) for the years ended 31 December 2023 and 2022 amounted to approximately HK\$11.3 million and HK\$10.4 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.

EVENT AFTER THE REPORTING PERIOD

The Group does not have material event after the reporting period.



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 71, 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. LAU Lawrence Tak Sun (劉德生) (“Mr. Lau”), age 44, 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.

Mr. LIN Dongsheng (林東升) (“Mr. Lin”), age 33, was appointed as an executive Director on 12 August 2022. Mr. Lin obtained a bachelor’s degree in environmental engineering from the Northwest Minzu University (西北民族大學) in the People’s Republic of China in June 2013 and a master of business administration from Linton University College in Malaysia in March 2021. Prior to joining the Group, Mr. Lin began his career as a general manager at Shenzhen Beifeng Investment Limited* (深圳貝豐投資有限公司), a company engaged in the business of trading precious metals, from September 2013 to June 2016, and subsequently worked as a general manager at Shenzhen Huayu Datong Network Technology Limited* (深圳華宇大通網絡科技有限公司), a company engaged in information technology from July 2016 to September 2018 and as a steel outfitting engineer at Lion Merge Construction Sdn. Bhd. from October 2019 to December 2021. From January 2022 to June 2022, Mr. Lin worked as a senior automation tester at Universe ID Sdn. Bhd.

Mr. ZHANG Wei (張偉) (“Mr. Zhang”) (Appointed on 23 June 2023), aged 38, obtained a bachelor’s degree in management from the Shihezi University* (石河子大學) in the People’s Republic of China in 30 June 2011. Prior to joining the Group, Mr. Zhang began his career as an assistant of chairman and investment manager at Kingya International Holding Group Company Limited* (今日國際控股集團有限公司), which engaged in the business of residential and commercial real estate development, from December 2010 to June 2013. He subsequently worked as a general manager at Sichuan Zhongbang Seeding Company Limited* (四川仲幫種業有限公司), a company engaged in the business of sales and production of agricultural seeds, from June 2013 to November 2016. Mr. Zhang worked as a general manager at Shenzhen Golden Time Trading Company Limited* (深圳市黃金時間貿易有限公司), a company engaged in the business of domestic trading in construction materials, machinery and commodities, from November 2016 to December 2018. He worked as a general manager of the Guangdong-Hong Kong-Macao Greater Bay Area at Hengyi Group Company Limited* (恆億集團有限公司), a company engaged in the business of real estate development and construction, from November 2018 to May 2021 and as a general manager at Shenzhen Huang Jin Ye Trading Company Limited* (深圳市黃金葉貿易有限公司), a company engaged in e-commerce, management consulting services, domestic trading and import and export of goods and technologies, from June 2021 to March 2023.

* For identification purpose only



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



Ms. CHAN Lok Yin (陳樂燕) (“Ms. Chan”) (Appointed on 30 June 2023), aged 39, obtained a Bachelor’s Degree of Accounting from the Edinburgh Napier University in the United Kingdom in 2008. She became a member of The Hong Kong Institute of Certified Public Accountants in July 2011, and an associate of The Chartered Governance Institute in September 2015.

Ms. Chan joined the Group on 2 May 2023 and has been serving as (i) the company secretary of the Company, (ii) an authorised representative of the Company under Rule 5.24 of the GEM Listing Rules and (iii) an authorised representative of the Company to accept service of process and notices on the Company’s behalf in Hong Kong as required under Rule 5.24 of the GEM Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Ms. Chan is also currently, holding the position as the director in two subsidiaries of the Company namely Success Dragon Holdings Limited and World Super Capital Limited respectively. Ms. Chan has accumulated over 10 years of auditing, accounting, corporate governance and company secretarial experience. Prior to joining the Group, she worked for a number of listed companies in Hong Kong, taking the positions of financial controller and/or company secretary. For the period from April 2008 to December 2011, Ms. Chan served in various audit firms in Hong Kong with her last position as an accountant.

Ms. Chan joined GSN Corporations Limited (formerly known as Megalogic Technology Holdings Limited, later known as New Western Group Limited and last known as GSN Corporations Limited (a listed public company in Hong Kong which was delisted on 4 May 2022)) (“GSN”) in April 2012. She first served as assistant to finance director and company secretary. During the periods from April 2014 to April 2016, October 2014 to April 2016, and August 2019 to December 2021, she was the joint company secretary and authorised representative of the GSN. At GSN, Ms. Chan was responsible for accounting and financial management, and company secretarial matters. Ms. Chan was also the company secretary of Pak Tak International Limited (Stock Code: 2668) during the period from August 2015 to April 2017, CHYY Development Group Limited (Stock Code: 8128) during the period from August 2022 to December 2022 and China Supply Chain Holdings Limited (Stock Code: 3708) during the period from October 2022 to June 2023. Ms. Chan is currently the company secretary of AMCO United Holding Limited (Stock Code: 630) and such appointment commenced in January 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIM Tak Lai (詹德禮) (“Mr. Chim”), aged 41, was appointed as our independent non-executive Director on 23 February 2022. Mr. Chim obtained a bachelor of art degree in business economics from the University of Hertfordshire in 2006. From January 2012 to March 2016, Mr. Chim worked as an accounting and operating manager in Modern Audio (International) Limited, a company principally engaged in trading, wholesale, retail and distributing video products and copyright licensing. Mr. Chim joined Imperium Financial Group Limited (the “Imperium Financial”) which is listed on the GEM of the Stock Exchange (stock code: 8029) as senior accountant in March 2016. Since September 2020, Mr. Chim is the financial controller of the Imperium Financial and his primary responsibilities are to oversee all financial accounting operations, including group reporting, budgeting, audit, treasury function, consolidation and financial reporting. Mr. Chim has been an executive director of the Imperium Financial since May 2021 to now. Since December 2023, Mr. Chim is appointed as the CFO of the Winto Group (Holdings) Limited (stock code: 8238) and his primary responsibilities are to oversee all financial accounting operations, including group reporting, budgeting, audit, treasury function, consolidation and financial reporting.

Ms. DU Min (杜敏) (“Ms. Du”) (Appointed on 3 August 2023), aged 50, obtained a Bachelor of International Trade from Anhui University in 1997 and a Master of Business Administration from Hong Kong Metropolitan University in 2022. Ms. Du has rich experience in corporate management and financial management. Since 2013, Ms. Du is the executive director and general manager of Anhui Quanwei IOT Technology Co., Ltd., a company incorporated in China. Prior to that, Ms. Du was the financial controller or financial in-charge of certain companies incorporated in China. Ms. Du has been the non-executive director of Tian Cheng Holdings Limited (Stock Code: 2110) since 14 February 2023.



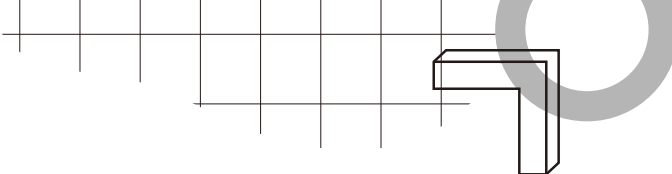
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



Ms. CHEN Jie (陳潔) (“Ms. Chen”) (Appointed on 31 August 2023), aged 40, obtained a degree of Bachelor of Arts with Honours in accounting from University of Liverpool in July 2006. Ms. Chen had been a member of the Association of Chartered Certified Accountants (the “Association”) since July 2015 and has been a fellow of the Association since July 2020. From February 2012 to December 2018, Ms. Chen worked as an accountant in C K Wong & Co, a company in the United Kingdom. Since December 2018, she has been working as a partner in D1 Accounting, an accounting firm in the United Kingdom.

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, except for Mr. Chim appointed as the CFO of the Winto Group (Holdings) Limited as disclosed as the section under “Biographical Details of Directors and Senior Management”.



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 adopted and complied with the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance and reviewing the Company’s compliance with the code provision in the CG Code, during the year ended 31 December 2023 and up to the date of this report except for the derivations as disclosed below.

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Sou Peng Kan Albert is currently the chairman of the Board and the CEO of the Company. 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 eight-member composition of our Board, including five executive Directors and three independent non-executive Directors. Further, the Audit Committee has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

In respect of code provision D.1.2 of the CG Code, the Company did not provide all members of the Board with monthly updates. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates, the Company will update all the Directors as early as practicable for discussion and resolution.

Under the Code Provision F.1.1, 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 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 2023.

Pursuant to Rule 5.66 of the GEM Listing Rule, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company not to deal in securities of the Company when he/she would be prohibited from dealing by the code of conduct as if he/she was a Director.

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

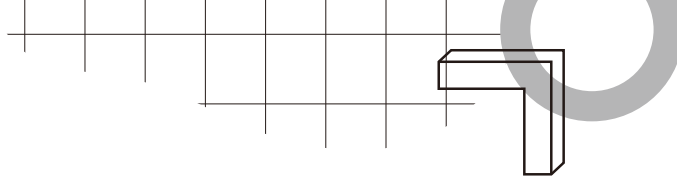
The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises eight Directors of which five 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. The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

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*)

LAU Lawrence Tak Sun

LIN Dongsheng

ZHANG Wei

CHAN Lok Yin

Independent Non-executive Directors

CHIM Tak Lai

DU Min

CHEN Jie

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to the shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 17 to 19. Mr. Sou Peng Kan Albert is currently the chairman of the Board and the CEO of the Company. Save as disclosed, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board and in particular, between the chairman and the chief executive.

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 POLICY

The Company has adopted diversity policy ("Board Diversity Policy") and discussed all measurable objectives 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 eight members, including five executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences from construction machinery rental, construction equipment trading, finance, administration, auditing and accounting fields. Furthermore, the ages of our Directors' age range from 33 to 71 years old. As at the date of this report, one executive Director and two independent non-executive Directors are females.

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 achieve diversity of the Board, during the year ended 31 December 2023, the Board has strictly adhered to the diversity policy on members of the Board, according to which, selection of the members of the Board are required to be conducted on the basis of a range of diversity perspectives by taking into account the consolidated factors including skills, experience, independence, knowledge on the business of the Company, the composition of various factors (including gender and age) and other factors relating to the operation efficiency of the Board. 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.

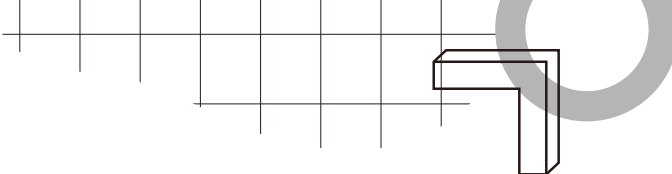
Our Nomination Committee is responsible for ensuring the diversity of our Board and review our Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our Board Diversity Policy in our corporate governance report on an annual basis.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the year ended 31 December 2023, the Board held twelve 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>)	7/12
LAU Lawrence Tak Sun	9/12
LIN Dongsheng	8/12
ZHANG Wei (<i>appointed on 23 June 2023</i>)	7/7
CHAN Lok Yin (<i>appointed on 30 June 2023</i>)	7/7
FOK Hei Yuen Paul (<i>resigned on 1 July 2023</i>)	4/5
Independent Non-executive Directors	
CHIM Tak Lai	12/12
DU Min (<i>appointed on 3 August 2023</i>)	6/6
CHEN Jie (<i>appointed on 31 August 2023</i>)	3/4
LEE Tak Fai Thomas (<i>resigned on 31 August 2023</i>)	5/7
YUE Wai Leung Stan (<i>resigned on 3 August 2023</i>)	4/6

During the year ended 31 December 2023, the Company held an annual general meeting (the "AGM") of the shareholders on 18 May 2023 and was attended by all then Directors namely Mr. Sou Peng Kan Albert, Mr. Lau Lawrence Tak Sun, Mr. Lin Dongsheng, Mr. Zhang Wei, Mr. Fok Hei Yuen Paul, Mr. Chim Tak Lai, Mr. Lee Tak Fai Thomas and Mr. Yue Wai Leung Stan in person or through video conferencing.



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, subject to renewal by the Company. The independent non-executive Directors have entered into a service contract with the Company with an initial term of one year, subject to renewal by the Company.

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 or as an addition to the Board shall hold office until the first general meeting of shareholders after his/her 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 AGM of the Company and shall then be eligible for re-election.

In accordance with 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.

Mr. Zhang Wei was appointed as an executive Director on 23 June 2023 to fill up the casual vacancy arising from the resignation of Mr. Fok Hei Yuen Paul. Mr. Zhang will hold office until the 2024 AGM and, being eligible, will offer himself for re-election at the 2024 AGM in accordance with article 83(3) of the Articles of Association.

Ms. Chan Lok Yin who was appointed as an executive Director on 30 June 2023 as an additional Director, will hold office until the 2024 AGM and, being eligible, will offer herself for re-election at the 2024 AGM in accordance with article 83(3) of the Articles of Association.

Ms. Du Min was appointed as an independent non-executive Director on 3 August 2023 to fill up the casual vacancy arising from the resignation of Mr. Yue Wai Leung Stan. Ms. Du will hold office until the 2024 AGM and, being eligible, will offer herself for re-election at the 2024 AGM in accordance with article 83(3) of the Articles of Association.

Ms. Chen Jie was appointed as an independent non-executive Director on 31 August 2023 to fill up the casual vacancy arising from the resignation of Mr. Lee Tak Fai Thomas. Ms. Chen will hold office until the 2024 AGM and, being eligible, will offer herself for re-election at the 2024 AGM in accordance with article 83(3) of the Articles of Association.

In accordance with article 83(1) of the Articles of Association, Mr. Lau Tak Sun Lawrence and Mr. Chim Tak Lai will retire from office by rotation at the 2024 AGM, being eligible, will offer themselves for re-election at the 2024 AGM.



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. During the year, Mr. So had held a meeting with the independent non-executive Directors without the presence of other Directors.

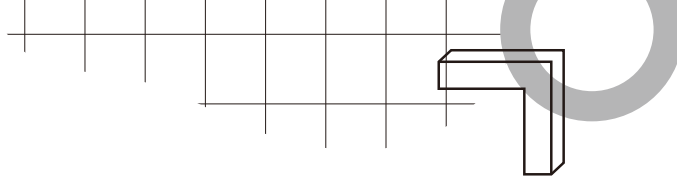
DIRECTORS' PARTICIPATION IN CONTINUOUS PROFESSIONAL TRAININGS

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 2023, 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 2023 according to the records provided by Directors:

	Updates on laws, rules and regulations/ management and other professional skills and self-reading
Executive Directors	
SOU Peng Kan Albert (<i>Chairman</i>)	✓
LAU Lawrence Tak Sun	✓
LIN Dongsheng	✓
ZHANG Wei (<i>appointed on 23 June 2023</i>)	✓
CHAN Lok Yin (<i>appointed on 30 June 2023</i>)	✓
FOK Hei Yuen Paul (<i>resigned on 1 July 2023</i>)	-
Independent Non-executive Directors	
CHIM Tak Lai	✓
DU Min (<i>appointed on 3 August 2023</i>)	✓
CHEN Jie (<i>appointed on 31 August 2023</i>)	✓
LEE Tak Fai Thomas (<i>resigned on 31 August 2023</i>)	-
YUE Wai Leung Stan (<i>resigned on 3 August 2023</i>)	-



AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 21 June 2019. Written terms of reference in compliance with the CG Code as set out in Appendix C1 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. Chim Tak Lai, Ms. Du Min and Ms. Chen Jie. Ms. Chen Jie is the chairman of the Audit Committee. During the year ended 31 December 2023 and up to the date of this report, the Company has complied with the required standards as set out in Rule 5.28 of the GEM Listing Rules. The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group, and discussing auditing, internal control, risk management, the effectiveness of the internal audit function and financial reporting matters including the review of annual results and financial statements during the year.

During the year ended 31 December 2023, the Audit Committee reviewed with the management or the auditors of the Company, among other things, (i) the audit findings; (ii) the accounting principles and practices adopted by the Company; (iii) financial reporting matters (including quarterly, half-yearly and annual results); and recommended to the Board the re-appointment of the external auditor at the annual general meeting of the Company. The audited consolidated results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

Four Audit Committee meetings were held during the year ended 31 December 2023. The attendance was as follows:

	Number of meetings attended/held
CHEN Jie (<i>Chairman</i>) (<i>appointed on 30 June 2023</i>)	1/1
CHIM Tak Lai	4/4
DU Min (<i>appointed on 3 August 2023</i>)	2/2
LEE Tak Fai Thomas (<i>resigned on 31 August 2023</i>)	3/3
YUE Wai Leung Stan (<i>resigned on 3 August 2023</i>)	2/2

REMUNERATION COMMITTEE

The Company established a Remuneration Committee pursuant to a resolution of the Directors passed on 21 June 2019. Written terms of reference in compliance with the CG Code as set out in Appendix C1 to the GEM Listing Rules has been adopted. Such terms of reference were amended on 6 February 2023. The primary duties of our Remuneration Committee include but are not limited to (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) make recommendations to the Board on remuneration packages of all Directors and senior management in the manner specified in the terms of reference; (iv) review and approval of performance based remuneration; and (v) 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. Zhang Wei, and three independent non-executive Directors, Mr. Chim Tak Lai, Ms. Du Min and Ms. Chen Jie. Mr. Chim Tak Lai is the chairman of the Remuneration Committee. During the year ended 31 December 2023 and up to the date of this report, the Company has complied with the required standards as set out in Rule 5.34 of the GEM Listing Rules.

During the year ended 31 December 2023, three Remuneration Committee meetings were held which, amongst other matters, made recommendations to the Board on the remuneration packages to Director and senior management, assessed performance of executive Directors and approved the terms of executive Directors' service contracts. The attendance was as follow:

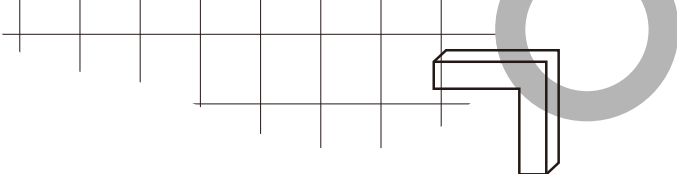
	Number of meetings attended/held
CHIM Tak Lai (<i>Chairman</i>)	3/3
SOU Peng Kan Albert	2/3
ZHANG Wei (<i>appointed on 30 June 2023</i>)	2/2
DU Min (<i>appointed on 3 August 2023</i>)	1/1
CHEN Jie (<i>appointed on 31 August 2023</i>)	0
FOK Hei Yuen Paul (<i>resigned on 1 July 2023</i>)	1/1
LEE Tak Fai Thomas (<i>resigned on 31 August 2023</i>)	2/3
YUE Wai Leung Stan (<i>resigned on 3 August 2023</i>)	1/2

During the year ended 31 December 2023, the Remuneration Committee (i) considered and reviewed, among other things, the existing terms of appointment of the Directors, which were considered fair and reasonable, as well as the policy for the remuneration of executive Directors; (ii) assessed performance of executive Directors. The Remuneration Committee has also determined, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. During the year ended 31 December 2023, as there were no share option granted under the Share Option Scheme (as disclosed in the Report of the Directors), no material matters relating to the Share Option Scheme under Chapter 23 of the GEM Listing Rules were required to be reviewed or approved by the Remuneration Committee.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 21 June 2019 with written terms of reference in compliance with CG Code as set out in Appendix C1 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 two executive Directors, Mr. Sou Peng Kan Albert and Mr. Lin Dongsheng, and three independent non-executive Directors, Mr. Chim Tak Lai, Ms. Du Min and Ms. Chen Jie. Mr. Sou Peng Kan Albert is the chairman of the Nomination Committee. During the year ended 31 December 2023 and up to the date of this report, the Company has complied with the required standards as set out in Rule 5.36A of the GEM Listing Rules.



During the year ended 31 December 2023, three Nomination Committee meetings were held which, amongst other matters, identified and nominated the appropriate candidate to fill casual vacancies of the Directors for the Board's approval; reviewed the structure, size and diversity of the Board, assessed the independence of independent non-executive Directors and recommended to the Board for consideration the re-appointment of the retiring Directors. The attendance was as follows.

	Number of meetings attended/held
SOU Peng Kan Albert (<i>Chairman</i>)	2/3
LIN Dongsheng	2/3
CHIM Tak Lai	3/3
DU Min (<i>appointed on 3 August 2023</i>)	1/1
CHEN Jie (<i>appointed on 31 August 2023</i>)	0
LEE Tak Fai Thomas (<i>resigned on 31 August 2023</i>)	2/3
YUE Wai Leung Stan (<i>resigned on 3 August 2023</i>)	1/2

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.

During the Year, the Nomination and Corporate Governance Committee (i) considered and reviewed the Nomination Policy, the Board Diversity Policy, the Company's policies and practices on corporate governance, the process and criteria to select and recommend candidates for directorship; and (ii) recommended the Board to approve the proposed sequence for re-election of retiring Directors in the annual general meeting of the Company. The Nomination and Corporate Governance Committee considers that the Nomination Policy, the Board Diversity Policy and the existing policies and practices of corporate governance of the Company are suitable. A brief summary of the Board Diversity can be found in the paragraph headed "Board Diversity Policy" of this report.

INDEPENDENCE VIEWS TO THE BOARD

The Board recognises Board's independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

(i) Independence assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.



The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

(ii) Board composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time).

Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

(iii) Decision making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

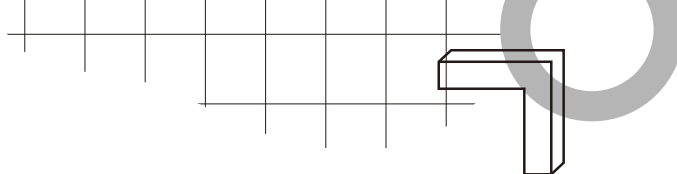
The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in code provision A.2.1 of the CG Code, which include (i) developing and reviewing the Company's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuing professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in this report.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2023, 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 2023.



REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5, the remuneration of the member(s) of senior management of the Group (excluding the Directors) for the year ended 31 December 2023 by band is as follows:

Remuneration bands	Number of individual(s)
HK\$0 to HK\$1,000,000 (including Chairman)	1

REMUNERATION POLICY OF THE DIRECTORS

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of the Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

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

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports. The corporate website of the Company (worldsuperhk.com) has provided an effective communication platform to the public and the shareholders.

AUDITOR'S REMUNERATION

The audit work of the Group for the year ended 31 December 2023 was performed by the Company's external auditor, McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods").

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 McMillan Woods (2022: Confucius International CPA Limited) is set out in the following table:

	Fee paid/payable	
	2023	2022
	HK\$'000	HK\$'000
Audit services for both continuing and discontinued operations	1,300	500
Non-audit services	70	–
	1,370	500



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 2023, the Group did not have an internal audit function. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time. 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 2023 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.

DISCLOSURE OF INSIDER INFORMATION

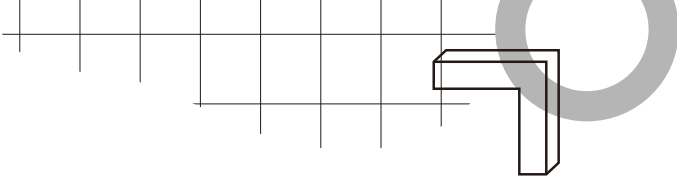
The Group acknowledges its responsibilities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a discussion. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the company secretary are authorised to communicate with parties outside the Group.

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 ceased as a Company Secretary with effect from 30 June 2023 and Ms. Chan Lok Yin ("Ms. Chan") has been appointed the company secretary of the Company on 30 June 2023 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Chan is a member of The Hong Kong Institute of Certified Public Accountants and an associate of The Chartered Governance Institute. For details of Ms. Chan's biography, please refer to the section under "Biographical Details of Directors and Senior Management". During the year, Ms. Chan undertook over 15 hours' professional training to update her 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).

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 with the objective of ensuring that the shareholders will have equal and timely access to information about the Company in order to enable the shareholder to exercise their rights in an informed manner and allow them to engage actively with the Company. All corporate communication materials published on the website of the Stock Exchange (www.hkexnews.hk) 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. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year and conclude that it is effective.

CONSTITUTIONAL DOCUMENTS

As disclosed in the announcement of the Company dated 31 March 2023 and the circular of the Company dated 31 March 2023, a special resolution was proposed at the annual general meeting of the Company convened and held on 18 May 2023 to approve, among others, the proposed amendments to the articles of association of the Company, in order to, among others, (i) bringing the articles of association in line with the amendments made to the GEM Listing Rules effective from 1 January 2022 and the applicable law in the Cayman Islands; (ii) incorporating amendments and provisions to allow and facilitate hybrid and electronic meetings; and (iii) making certain minor house-keeping amendments to the articles of association for the purpose of clarifying existing practice and making consequential amendments in line with the aforesaid proposed amendments. The second amended and restated articles of association of the Company was approved and adopted on 18 May 2023 and effective on the same date, the latest version of which is available on the websites of the Company and the Stock Exchange.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

World Super Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) mainly undertakes (i) provision of rental services of crawler cranes, oscillators, a kind of bored 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; (iii) to a lesser extent, provision of transportation services in delivering the Group’s machinery to and from customers’ designated sites and other services such as arrangement of set-up and repair of machinery for customers of the Group’s 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; and (v) provision of money lending services.

This Environmental, Social and Governance Report (the “ESG Report”) summarises the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group for the year ended 31 December 2023 (“2023”) and demonstrates its commitment to sustainable development.



BOARD STATEMENT

Dear stakeholders,

The board of directors (the “Board”) is committed to driving sustainable development in the Group’s business operations. The Board has overall responsibility for the Group’s ESG strategy and reporting, while both the members of the Board and senior management supervise the ESG issues of the Group. The Board continuously monitors and reviews the key risks affecting the sustainability of the Group’s business, such as the environmental, occupational health and safety and labour standards. The risk management and internal control frameworks provide a structured approach for the Board to formulate policies and ensure effective execution. More information about the Group’s governance structure is stated in the section “ESG GOVERNANCE STRUCTURE”.

The Group continuously communicates with its stakeholders to understand their concerns and fulfil their expectations. In order to identify and assess the material concerns of the Group’s stakeholders, the Group has conducted materiality assessment surveys through stakeholder engagement. The assessment helped the Group determine the factors that have material impacts on the Group’s sustainable growth, which were incorporated in the development of its ESG strategies and targets. The Group’s focus on ESG includes greenhouse gas (“GHG”) emissions, occupational health and safety, along with product quality and safety.

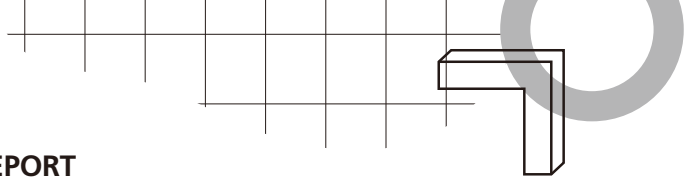
The Group has set various ESG-related targets on relevant key performance indicators (“KPIs” or individually a “KPI”). The environmental targets were approved by the Board and the progress is reviewed by the representatives from business and functional departments annually. The business and functional departments make full use of the available ESG data to compare the performance between different years and report to the Board at least once per year. Aiming to achieve the targets, the Group is committed to implementing various measures, which will be mentioned in this ESG Report. The Board believes the ESG-related targets can raise employees’ awareness of ESG, drive behavioural changes and facilitate the incorporation of ESG initiatives into the Group’s operational strategy.

On behalf of the Board, I would like to express my gratitude to my fellow directors, the management team, all employees and stakeholders for their contributions to the Group’s sustainable development.

Sou Peng Kan Albert

Chairman and Executive Director

Hong Kong, 28 March 2024



ESG GOVERNANCE STRUCTURE

The Group considers ESG as part of its fiduciary duty and strives to embed ESG considerations into daily operations and management. The Board holds the overall responsibility for the Group's ESG strategy and reporting, as well as overseeing and managing the Group's ESG-related issues. The Board discusses and reviews the Group's ESG-related risks and opportunities, performance, progress, goals and targets at least once per year with the assistance of the Group's business and functional departments. The Board also ensures the effectiveness of ESG risk management and internal control mechanism.

The Group's representatives from business and functional departments facilitates the Board's oversight of ESG-related issues and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations and preparing ESG reports. The management arranges meetings at least once per year to discuss and review the Group's ESG-related issues including, but not limited to, ESG-related policies and procedures, ESG-related performance, as well as the progress made against ESG-related goals and targets, and reports the results to the Board periodically to assist the Board to discharge its oversight responsibility.

SCOPE OF REPORTING

The ESG Report follows the reporting scope of the Group's Annual Report. The Group identifies the reporting scope based on the materiality principle, and considers the core business and main revenue source. This ESG Report covers the Group's office operations in Hong Kong, which includes hire and trading of machinery and transportation, and provision of service and money lending business.

Compared to the reporting scope of the ESG Report for the year ended 31 December 2022 ("2022"), Yummy Network Technology Company Limited ("Yummy Network") is no longer within the reporting scope due to the Group's disposal of its entire interests in Yummy Network in 2022.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information relating to the Group's corporate governance structure and practices has been set out in the Corporate Governance Report of this Annual Report.

The Group attaches great importance to materiality, quantitative, balance and consistency during the preparation for this ESG Report and has applied these reporting principles in the ESG Reporting Guide as follows:

Materiality: A materiality assessment survey was conducted to identify material issues during 2023, thereby adopting the confirmed material issues as the focus for the preparation for this ESG Report. The materiality of issues was reviewed and confirmed by the Board and representatives from business and functional departments. Please refer to the sections headed "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT" for further details.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Quantitative: The standards and methodologies used in the calculation of relevant data in this ESG Report, as well as the applicable assumptions were disclosed. The KPIs were supplemented by explanatory notes to establish benchmarks where feasible. Details of the standards used are described in the relevant sections of this ESG Report. Details of standards used are described in the relevant sections of this ESG Report.

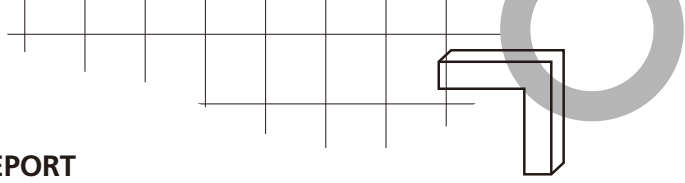
Balance: This ESG Report was prepared based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall ESG performance of the Group.

Consistency: The statistical methodologies applied to this ESG Report were substantially consistent with the past which allows meaningful comparisons, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. If there are any changes that may affect comparisons with the Group's previous reports, the Group will explain the corresponding content. For the change in reporting scope of this ESG Report, the difference and reason for the change were described in the section headed "SCOPE OF REPORTING".

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during 2023, 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.



STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including, but not limited to, government, shareholders, customers, employees, suppliers or subcontractors and community. In formulating operational and ESG strategies, the Group considers stakeholders' expectations by utilising diversified engagement methods and communication channels as shown below.

Stakeholders	Expectations and requirements	Communication and response
Government	<ul style="list-style-type: none"> Operating in compliance with the laws 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 laws 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 nature 	<ul style="list-style-type: none"> Participation in charitable activities Adhering to green operations

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community continuously.



MATERIALITY ASSESSMENT

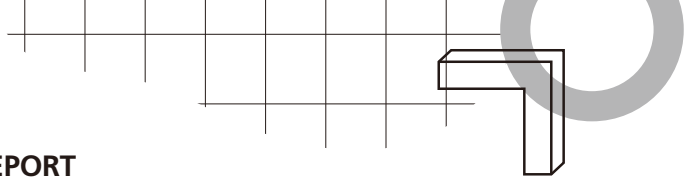
Materiality assessment is the process of identifying, refining, and assessing ESG issues that could affect the Group’s business and its stakeholders. The result of materiality assessment is used to formulate strategies, set targets and determine the focus of the ESG Report. Materiality assessment enables the Group to analyse business risks and opportunities, supporting the sustainability of the Group’s business.

With the assistance of the Group’s representatives from business and functional departments and senior management, the Group identified its list of material ESG issues based on its business, the ESG Reporting Guide, and analysis of industry peers. To prioritise the identified material ESG issues, the Group conducted a materiality assessment survey during 2023. Management and employees of different business units and departments were invited to evaluate the significance of the identified ESG issues to the stakeholders and the Group’s business. Based on the results of survey, the Group plotted a materiality matrix. The result of the materiality assessment was reviewed and validated by the Group’s business and functional departments and the management, and then approved by the Board.

The Group’s materiality matrix is as follows:

Materiality Matrix

Importance to Stakeholders	High	<ul style="list-style-type: none"> Climate Change 	<ul style="list-style-type: none"> Air Emissions Employment Practices Intellectual Property (“IP”) Rights 	<ul style="list-style-type: none"> GHG Emissions Occupational Health and Safety Product Quality and Safety
	Medium	<ul style="list-style-type: none"> Energy Management Training and Development 	<ul style="list-style-type: none"> Waste Management Water Management Supply Chain Management Customer Privacy Protection Anti-corruption Community Investment 	
	Low			
		Low	Medium	High
		Importance to the Group		



CONTACT US

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, ESG policies and procedures. Please feel free to share your feedback on the Group's performance by contacting us via: <http://www.worldsuperhk.com/en/contact-us>.

A. ENVIRONMENTAL

A1. Emissions

The Group recognises that environmental protection is one of the greatest social concern matters. Apart from taking all reasonably practicable actions to ensure strict compliance with relevant statutory and contractual requirements, the Group has formulated the Environmental, Social and Governance Policy (the "ESG Policy") and taken different measures to manage and reduce its adverse environmental impacts including, but not limited to, managing its emissions.

Employees are required to take all practicable steps to prevent adverse environmental events and provide rapid and appropriate responses 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 2023, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including, but not limited to, the Water Pollution Control Ordinance, the Air Pollution Control Ordinance and the Waste Disposal Ordinance. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in 2023.

Exhaust Gas Emissions

Emissions of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") were mainly generated from the motor vehicles owned by the Group. Due to the Group's business nature, the use of vehicles is inevitable. In 2023, the NO_x, SO_x and PM generated by the Group¹ were approximately 58.82 kg, approximately 0.12 kg and approximately 3.06 kg respectively (2022: approximately 73.75 kg, approximately 0.14 kg and approximately 3.91 kg respectively). Overall emissions in 2023 were lower compared to 2022 mainly due to the variation in the use of fuels in different time periods.

The Group has adopted the following measures to control air emissions from such sources:

- Switch off the engines when the motor vehicles are idling;
- Perform efficient planning on driving routes to minimise route repetition and optimise fuel consumption;
- Undergo maintenance services regularly to ensure optimal engine performance and fuel use; and
- Optimise operational procedures to increase efficiency and reduce vehicle idling rates.

Note:

1. The air emissions calculations are based on the emission factors in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.



GHG Emissions

The major sources of the Group’s GHG emissions are direct GHG emissions from the combustion of petrol and diesel consumed by motor vehicles and machinery (Scope 1), energy indirect GHG emissions from purchased electricity (Scope 2), and other indirect GHG emissions from paper disposed at landfills and electricity used for processing fresh water by government departments (Scope 3). During 2021, the Group has set a target of reducing its GHG emissions intensity by 3% by the year ended 31 December 2026 (“2026”), using approximately 2.12 tCO₂e per employee in 2021 as the baseline. The Group’s total GHG emissions intensity increased in 2023 compared to 2022, the Group’s total GHG emissions have reduced by 6.07%, the Group will continue its commitment to reduce its GHG emissions. To strive to achieve the target, the Group has adopted the following measures:

Scope 1 – Direct GHG emissions

To reduce Scope 1 GHG emissions, the Group is taking the proactive measures which were described in the section headed “Exhaust Gas Emissions” of aspect A1.

Scope 2 – Energy Indirect GHG emissions

The Group has taken measures to reduce energy consumption, which will be described in the section headed “Energy Management” of aspect A2.

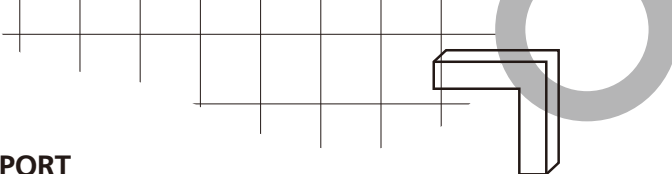
Scope 3 – Other Indirect GHG emissions

The measures to reduce the disposal of waste paper into landfills and water consumption will be described in the section headed “Waste Management” of aspect A1 and “Water Management” of aspect A2 respectively.

During 2023, the Group’s total GHG emissions intensity decreased by approximately 17.09% year-on-year to approximately 1.94 tCO₂e per employee (2022: approximately 2.34 tCO₂e per employee).

The table below shows the key environmental performance indicators of GHG emissions emitted by the Group’s operations:

Indicators²	Units	2023	2022
Direct GHG emissions (Scope 1)			
– Petrol and diesel consumed	tCO ₂ e	22.18	25.06
Indirect GHG emissions (Scope 2)			
– Purchased electricity	tCO ₂ e	10.46	9.67
Other indirect emissions (Scope 3)			
– Paper disposed at landfills			
– Electricity used for processing fresh water and sewage	tCO ₂ e	0.32	0.36
Total GHG emissions	tCO₂e	32.96	35.09
Total GHG emissions intensity³	tCO₂e per employee	1.94	2.34



Notes:

2. GHG emission data is presented in terms of tCO₂e and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), "2022 Sustainability Report" issued by CLP Holdings Limited and "Sustainability Report 2021" issued by HK Electric Investments and HK Electric Investments Limited. Combustion fuel – 4,120 litres of petrol and 11,906 litres of diesel oil were utilised for maintenance purposes, equating to an additional 35.62 tCO₂e of Scope 1 emission, the above data was not included within our reporting boundary.
3. The number of employees (not including Directors) as at 31 December 2023 was 17 (as at 31 December 2022: 15). The relevant data are also used on calculating other intensity data.

Sewage Discharge

The Group did not consider the amount of sewage discharge into water to be disproportionate. Due to the Group's business nature, the sewage discharge into land is insignificant. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Management" of aspect A2.

Waste Management

The Group produced both hazardous and non-hazardous waste in its operations. For machinery maintenance, lubricant oil and oil residue were generated. Related waste management policy has been formulated to ensure appropriate management and handling procedures are in place.

Since the Group's business operations do not involve significant waste management related risks, no relevant target was set during 2023.

Hazardous Waste

Hazardous waste generated by the Group is mainly oil residue. However, hazardous waste is only generated in a relatively small amount. Therefore, hazardous waste was considered as immaterial to the Group. Although the Group has generated an insignificant amount of hazardous waste, the Group has put in place step-by-step instructions for handling oil residue and other types of waste. The oil residue and lubricant oil are collected and handled periodically by professional collectors for further treatment. The Group also implemented relevant guidelines on the temporary storage of hazardous waste. Hazardous waste is handled separately with other general waste to ensure safety and prevent contamination or spillage.

Non-hazardous Waste

The non-hazardous waste generated by the Group is mainly general waste such as paper generated from office. The Group has implemented the following measures:

- Use double-sided printing or photocopying whenever possible;
- Utilise electronic media;



- Recycle office and electronic equipment after their life cycle;
- Recycle printed paper where appropriate; and
- Place “Green Message” reminders on the office equipment.

During 2023, the Group has no non-hazardous waste.

A2. Use of Resources

The Group has implemented the ESG Policy to strive to increase energy efficiency in general and encourage efficient use of resources, including paper, water and other raw materials.

Energy Management

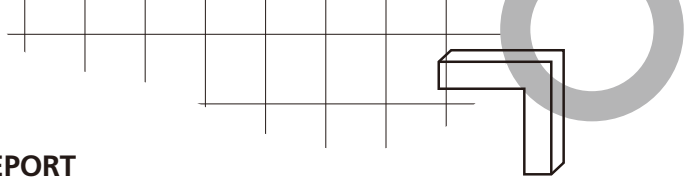
The Group realises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. Abnormal electricity consumption will be investigated and corrective measures will be taken. In addition, during 2021, the Group has set target of reducing the total energy consumption intensity by 3% by 2026, using approximately 6.85 MWh per employee in 2021 as the baseline. The Group’s total energy consumption intensity decreased in 2023 compared to 2022, the Group’s total energy consumption has reduced by 8.07%, the Group will continue its commitment to reduce its energy consumption. To strive to achieve the target, the Group has adopted the following energy-saving measures:

- 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 Special Administrative Region when purchasing electrical appliances;
- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees; and
- Switch off all idle appliances and unnecessary lighting upon leaving the service centres.

During 2023, the Group’s total energy consumption intensity decreased by approximately 18.81% year-on-year to approximately 6.00 MWh per employee (2022: approximately 7.39 MWh per employee). The increase in the total energy consumption intensity was mainly due to the decrease in the number of employees.

The table below shows the total energy consumed by the Group’s operations:

Indicators	Units	2023	2022
Total direct energy consumption ^{4, 5}	MWh	82.48	93.86
– Diesel consumption	MWh	26.03	39.98
– Petrol consumption	MWh	56.45	53.88
Total indirect energy consumption ⁶	MWh	19.44	17.01
Total energy consumption	MWh	101.92	110.87
Total energy consumption intensity	MWh per employee	6.00	7.39



Notes:

4. Direct energy consumption represents diesel and petrol consumed by the Group for the use of vehicles. Combustion fuel – 4,120 litres of petrol and 11,906 litres of diesel oil were utilised for maintenance purposes, equating to an additional 209.07 mWh of energy consumption, the above data was not included within our reporting boundary.
5. The unit conversion calculation is based on the conversion factors in “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
6. Indirect energy consumption represents purchased electricity.

Water Management

The Group actively promotes the importance of water conservation to its employees. Since the Group’s business operations do not involve significant water management related risks, no relevant target was set during 2023. During 2023, the Group’s total water consumption intensity increased significantly year-on-year to approximately 14.82 m³ per employee (2022: approximately 0.20 m³ per employee). The Group posted eye-catching reminders around the washrooms and the main office, the Group also regularly inspects water taps to prevent leakages.

The table below shows the key environmental performance indicators of water consumed by the Group’s operations:

Indicators	Units	2023	2022
Total water consumption	m³	252.00	3.00
Total water consumption intensity	m³ per employee	14.82	0.20

Due to the geographical location of its office, the Group did not encounter any problem in sourcing water that was fit for purpose in 2023.

Use of Packaging Material

As no packaging material is used by the Group for trading of construction machinery and/or related spare parts, the disclosure of packaging material used is not applicable to the Group.

A3. 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 its operational impacts on the 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.

During the 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 significant environmental pollution and have no significant adverse health effects.



A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues. Therefore, the Group has formulated the ESG Policy to manage the potential climate-related risks which may impact the its business activities. The Group has incorporated climate risks into enterprise risk management to identify and mitigate different climate-related risks. The Board also meets regularly and co-operates closely with the key management to identify and evaluates climate-related risks and to formulate strategies to manage the identified risks.

Through the above methods, the Group identified the material impacts on the Group's business arising from the following risks:

Physical Risks

The increased frequency and severity of extreme weather events, such as typhoons, storms, and floods caused by heavy rains, may lead to disruptions to the Group's business operations through damaging the power grid, communication infrastructures, hindering and injuring the Group's employees during their work, leading to reduced capacity and decreased in productivity, or expose the Group to risks associated with non-performance and delayed performance, therefore adversely affect its profitability. In response, the Group has maintained comprehensive insurance for the business operations in Hong Kong. In the event of such emergency incident, the Group will closely follow the latest weather news and advice released by the government. Such measures would minimise the potential impact of extreme weather events on the Group's business.

Transition Risks

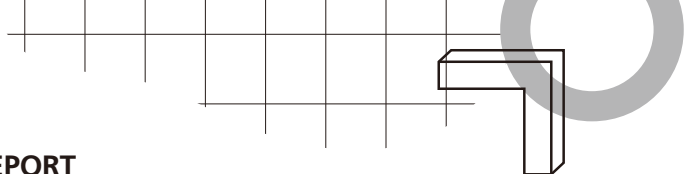
The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. The requirements in respect of the granting and/or renewal of various licences and qualifications in the construction equipment rental and sales industry may change from time to time, and the Group may not be able to respond to such changes in a timely manner. Such changes may also increase the Group's costs and burden for compliance, which may materially and adversely affect its business, financial condition and results of operations. In response to the potential upcoming changes, the Group regularly monitors existing and emerging trends, policies and regulations relevant to the industry and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines and/or reputational risks due to delayed response.

B. SOCIAL

B1. Employment

The Group understands that employees are the most valuable asset, and realises employees as one of the most critical elements for its continuous success. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interest of every employee, standardises employment management, and protect employees' occupational health and safety. By upholding this approach, the Group believes that it will boost employees' sense of belonging and retain top talents.

Relevant employment policies are formally documented in the Employee Handbook and Internal Control and Operations Manual, covering recruitment and promotion, compensation and dismissal, working hours, rest periods, other benefits and welfare, anti-discrimination as well as diversity and equal opportunities.



As at 31 December 2023, the Group employed 15 full-time employees and 2 part-time employees (as at 31 December 2022: 13 full-time employees and 2 part-time employees), the composition of the Group’s workforce by gender, age group, employment category and geographical region is as follows:

Indicators	As at 31 December 2023	As at 31 December 2022
Number of employees	17	15
By gender		
Male	9	10
Female	8	5
By age group		
Under 30 years old	1	1
30–50 years old	5	5
Over 50 years old	11	9
By employment category		
Entry level	11	11
Middle level	3	3
Senior level	3	1
By geographical region		
Philippines	2	2
Hong Kong	15	13

During 2023, the Group’s overall turnover rate was approximately 18.75% (2022: approximately 28.57%). The employee turnover rates by gender, age group and geographical region are as follows:

Indicators	2023	2022
Turnover Rate⁷	18.75%	28.57%
By gender⁸		
Male	18.75%	26.09%
Female	–	33.33%
By age group⁸		
Under 30 years old	100.00%	–
30–50 years old	20.00%	57.14%
Over 50 years old	10.00%	20.00%
By geographical region⁸		
Philippines	–	–
Hong Kong	21.43%	32.26%



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Notes:

7. The calculation method of the total employee turnover rate: $(\text{the total number of departures in the year} \div ((\text{the total number of employees at the beginning of the year} + \text{the total number of employees at the end of the year}) \div 2)) \times 100\%$.
8. The calculation method of the employee turnover rate by category: $(\text{the number of departures in the category in the year} \div ((\text{the number of employees in the category at the beginning of the year} + \text{the number of employees in the category at the end of the year}) \div 2)) \times 100\%$.

During 2023, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group including, but not limited to, the Employment Ordinance. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in 2023.

Employment Practices

Recruitment, Promotion and Remuneration

The Group adheres to the principles of openness and fairness to adopt a robust recruitment process based on merit selection against the job criteria applied. According to the Employee Handbook, all decision-making processes ranging from recruitment, performance evaluation to interpersonal relations should be conducted solely based on candidates' or employees' experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion.

Remuneration and promotion are based on job-related skills, qualifications and performances. The Group will conduct annual performance and salary review to determine any salary adjustments and/or promotion opportunities. Remuneration packages include variable bonuses, annual leave, maternity leave, paternity leave, marriage leave, bereavement leave, etc..

Working Hours and Rest Periods

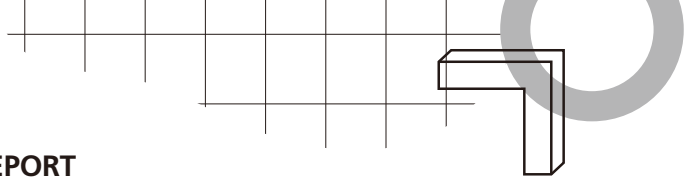
Employees' working hours, rest periods, benefits and welfare, including social security benefits and mandatory provident fund, are required to follow employment or labour laws and regulations. Selected benefit programs, including medical coverage, are also provided.

Compensation and Dismissal

All employees are covered under the Employees' Compensation Ordinance of the laws of Hong Kong upon joining the Group. The statute provides protection to employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

Diversity, Equal Opportunities and Anti-discrimination

Sustainable growth of the Group relies on the diversity of talents. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. Furthermore, the Group is dedicated to providing equal opportunities in all aspects of employment and protecting its employees from discrimination, physical or verbal harassment based on their gender, age, religion, disability, ethnicity, political stance, marital status, etc..



Other Benefits and Welfare

The Group understands that good benefits and welfare encourage retention and foster employees' sense of belonging. Therefore, the Group actively seeks to introduce additional benefits and welfare where possible.

B2. Health and Safety

The Group recognises that "safe at work" and "accident prevention" are the two key matters related to great social concerns. Accordingly, the Group is committed to strictly comply with all applicable statutory requirements and contractual obligations. The Group has also developed occupational health and safety policies which are formally documented in the Employee Handbook and Internal Control and Operations Manual 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.

In order to achieve the Group's commitment, the Group has implemented the following measures:

- Giving proper consideration on safety requirements when making decisions about other business priorities, such as productivity and profitability;
- 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;
- Promoting safety policy in its understanding, implementation and maintenance at all levels;
- Providing training and the appropriate tools and equipment to employees and sub-contractors to enable them to perform their task safely; and
- Reviewing occupational health and safety policies annually to ensure its compliance.

Training and promotions 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.

There were no work-related fatalities that occurred in each of the past three years including 2023. During 2023, there were no lost days due to work injury (2022: 78).

In response to the coronavirus disease 2019 (the "COVID-19"), the Group continued to implement the health and safety precautionary measures in pursuant to the local authority's hygiene guidelines. The Group's anti-COVID-19 measures included, but were not limited to, measuring body temperature before entering the business premises; providing disposable hand sanitisers in the entry of the business premises; sterilising designated high risk areas frequently; keeping a proper communicating and working distance; fully disinfecting business premises regularly; and employee diversion dining to reduce crowd gathered. The Group also encouraged vaccination of its employees through offering incentives. The management is responsible for monitoring the occupational, health and safety policy at the workplace.



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During 2023, the Group was not aware of any material non-compliance with laws and regulations in relation to occupational health and safety that would have a significant impact on the Group including, but not limited to, the Occupational Safety and Health Ordinance. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in 2023.

B3. Development and Training

The Group places strong emphasis on employees' personal development. 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, effectively and to be better prepared for career opportunities which may arise. As such, a wide range of training programmes are provided to the Group's employees to enhance their knowledge and capabilities.

Orientation training sessions are provided to newly recruited staff by their respective department supervisors. The training covers introduction of the Group, their own department structure, responsibilities, required skills and working instructions. The Group also requires all its newly recruited staff to attend safety training before commencement of their duties. Upon the completion of the training, the staff would have a good understanding of the relevant laws and regulations and the Group's internal policies relating to employee code of conduct and occupational health and safety measures. The aim of providing such training is to integrate new employees into the Group and make them understand the systems and procedures followed by the Group.

In addition, during 2023, the Group arranged a training session on machinery operations for all its technical staff, covering safety measures in operations, maintenance and inspection of various machineries.

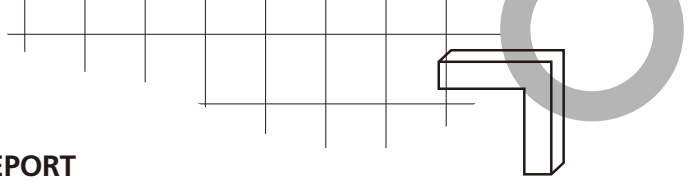
During 2023, the overall percentage of employees trained⁹ and average training hours per employee¹⁰ were approximately 11.76% (2022: approximately 53.33%) and approximately 0.71 hours (2022: approximately 0.53 hours) respectively. The relevant training data by gender and employee category are as follows:

Indicators ¹⁴		Percentage of employees trained ¹¹		Breakdown for employees trained ¹²		Average training hours ¹³ (hours)	
		2023	2022	2023	2022	2023	2022
Gender	Male	22.22%	30.33%	100.00%	37.50%	1.11	0.30
	Female	–	100.00%	–	62.50%	–	1.00
Employment category	Senior level	33.33%	100.00%	50.00%	12.50%	2.00	1.00
	Middle level	–	100.00%	–	37.50%	–	1.00
	Entry level	9.09%	36.36%	50.00%	50.00%	0.36	0.36

Notes:

9. The calculation method of the percentage of employees trained: (the total number of employees trained in the year ÷ the total number of employees at the end of the year) × 100%.

10. The calculation method of the average training hours per employees: the total training hours of employees in the year ÷ the total number of employees at the end of the year.



11. The calculation method of the percentage of employees trained by category: (the number of employees trained in the category in the year ÷ the number of employees in the category at the end of the year) × 100%.
12. The calculation method of the breakdown for employees trained by category: (the number of employees trained in the category in the year ÷ the number of employees trained in the year) × 100%.
13. The calculation method of average training hours by category: the training hours of employees in the category in the year ÷ the number of employees in the category at the end of the year.
14. The data of training hours exclude employees who have left the Group during 2022 and 2023.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group has set out sufficient controls in its recruitment processes to prevent child and forced labour employment. Human Resources department of the Group is responsible to monitor and ensure compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of child labour, underage workers and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates and the verification of candidates' identities. All of the Group's employees must have reached the statutory age and possess identification documents before the commencement of work. To prevent forced labour practices, the Human Resources department ensures that sufficient rest days would be given to employees, and authorises all overtime work applications. If child labour or forced labour is found to be employed as a result of a breach of the recruitment process, the Group will immediately stop the work of the child labour or forced labour and conduct an investigation.

During 2023, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations in Hong Kong and Macau that would have a significant impact on the Group including, but not limited to, the Provisions on the Prohibition of Using Child Labour, and the Employment Ordinance. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in 2023.



B5. Supply Chain Management

Supply chain management is a key area of the Group's business, to manage potential environmental and social risks in its supply chain, the Group has established a standardised procurement process which are formally documented in the Internal Control and Operations Manual. The policy sets out stringent and standardised procurement system and supplier selection process, and has implemented relevant practices relating to engaging suppliers and the requirement of environmental and social risk control to all suppliers. During 2023, the number of suppliers evaluated by the Group pursuant to its procurement process was 131. The number of suppliers by geographical region is as follows:

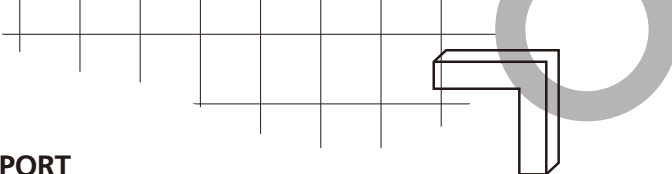
Indicators	2023	2022
Total number of suppliers	131	130
By geographical region		
Hong Kong	121	120
Macau	6	6
Mainland China	2	2
Germany	2	2

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. If any supplier falls short of the Group's expectations, the Group will try to channel it to correct the situation.

Besides, the Group strives to manage its social and environmental risks along the supply chain. The Group performs close monitoring on the suppliers' or subcontractors' business practices through different methods. The Group reviews its supply chain periodically with regard to the suppliers' performance and environmental and social standards. 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. Any material violation of laws and regulations may lead to the termination of supplier contracts.

Additionally, the Group endeavours to support local economies and prioritise the procurement from local and regional suppliers to lower the carbon footprint during transportation. The Group also gives priority to suppliers that use environmentally preferable products and services in the selection process in order to minimise the potential impacts of its supply chain on the environment.

During 2023, the Group was not aware of any material non-compliance with subcontractors and suppliers related laws and regulations that would have a significant impact on the Group, nor any of them had any non-compliance incident in respect of human rights issues. While the Group continuously evaluates the environmental and social performance of its suppliers, it may terminate contracts if the suppliers refuse to address situations that seriously harm the environment.



B6. Product Responsibility

The Group is committed to providing the highest quality of products and services to its customers, not only is it crucial to the health and safety of our customers and clients, but also to the potential of attracting future business opportunities. The Group has developed the Internal Control and Operations Manual and the Quality Manual to provide employees with guidance on product responsibility including, but not limited to, health and safety, advertising, labelling and privacy matters related to the services provided.

During 2023, the Group was not aware of any material non-compliance with laws and regulations relating to advertising, labelling, and privacy matters relating to products and services provided and methods of redress including, but not limited to, the Hong Kong Personal Data (Privacy) Ordinance (“PDPO”) that would have a significant impact on the Group. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group’s business nature.

Quality Assurance

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. During 2023, the Group did not receive any material cases of product or service-related complaints, also the Group did not have any recalls of products sold or shipped subjects to for safety and health reasons (2022: Nil). The Group does not manufacture its products. The products sold by the Group are sourced from multiple suppliers. If there are quality issues with the products sold by the Group, the Group will liaise between the relevant customers and suppliers and assist with the investigation of the quality issues to facilitate the recall of the defective products.

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.

Customer Privacy Protection

During 2023, the Group has operated money-lending business in which the customers’ money lending affairs has been treated as private and confidential. The Group strictly and cautiously manages customer files to avoid leakage of customer privacy. Collection, use, holding and erasure of customers’ information have at all times complied with the 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 management team regularly reviews the effectiveness of the Group’s relevant codes of practice to meet the Group’s privacy and data protection obligation.

Protection of IP

The Group actively seeks patent and design protection for important innovations and designs, and monitors the status and usage of the Group’s IP. As when potential IP infringement is identified, the case will be reported to the designated department. If the report of infringement is confirmed, the case would be passes to the management for further action.



Advertising and Labelling

As the Group's operational process does not involve advertising and labelling practices, the disclosure on information relating to advertising and labelling is not applicable to the Group.

B7. Anti-corruption

The Group demonstrates its intolerance of corruption and promotes 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 Employee Handbook lays out the Group's expectation and certain guiding provisions on code of conduct. Whistle-blowing Mechanism has also been incorporated into the Group's Internal and Operations Manual to provide a confidential channel for employees to raise concerns about wrongdoings, fraudulent and unethical acts, and other malpractices at the earliest opportunity. If there is any potential or actual conflict of interest perceived, employees are required to report to the management immediately.

During 2023, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees (2022: Nil). The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a significant impact on the Group including, but not limited to, Prevention of Bribery Ordinance of Hong Kong. In addition, there was no reporting of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in 2023 (2022: Nil).

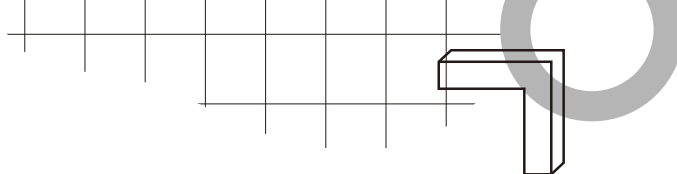
The Group provides anti-corruption training, which covers legal knowledge on anti-corruption and skills relating to anti-corruption in the workplace, to the Group's directors and staff at least once per year, representing the Group's willingness on promotion of working environment adhering to integrity, and enable employees to be strict with themselves and perform their duties with due diligence. During 2023, 3 directors and 8 staff (2022: 3 directors and 8 staff) participated in the online training on anti-corruption and business ethics.

B8. Community Investment

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of its community investment. Therefore, the Group has established relevant guidelines on community investment to encourage its employees to engage in community services and voluntary activities. To fulfil the Group's corporate social responsibility, it focuses on inspiring its employees' sense of social responsibility by encouraging them to participate in charitable activities, such as home visiting the elderly during their working hours and spare time.



REPORT OF THE DIRECTORS



The Directors hereby present their annual report and the audited consolidated financial statements for the year ended 31 December 2023.

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 35 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 "Chairman's Statement" 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 2023 to the date of this report.

ENVIRONMENTAL PROTECTION

For the year ended 31 December 2023, 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 2023 and the state of affairs of the Group as at 31 December 2023 are set out in the consolidated financial statements on pages 75 to 76 and 77 to 78 of this annual report respectively. The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

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.



PLANT AND EQUIPMENT

Details of movements in 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 2023 are set out in note 28 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 31 December 2023.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2023 are set out in note 37 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$Nil.

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

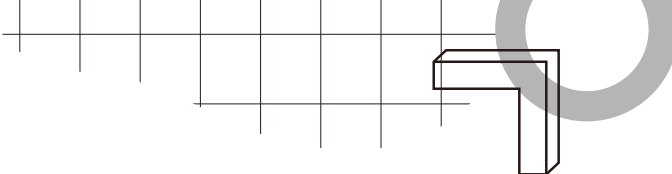
Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain 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 C.2.1, D.1.2 and F.1.1 of the CG Code, the Company has met the code provisions set out in the CG Code in Appendix C1 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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2023, 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 2023, 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 77.6% of the total sales for the year and sales to the largest customer included therein amounted to approximately 26.8%. Purchases from the Group's five largest suppliers accounted for approximately 93.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 26.1%.

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 2023.

CHARITABLE DONATION

Charitable donation made by the Group during the year amounted to Nil (2022: HK\$200,000).

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 2021 Placement, were approximately HK\$14.6 million and (ii) the 2022 Placement, were approximately HK\$3.8 million. The net proceeds from the 2021 Placement and 2022 Placement were fully utilised as at 31 December 2022. For details, please refer to the announcements of the Company dated 22 November 2021, 10 December 2021, 1 March 2022, 11 March 2022 and 21 March 2022.

DIRECTORS

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

Executive Directors

SOU Peng Kan Albert (*Chairman*)
LAU Lawrence Tak Sun
LIN Dongsheng
ZHANG Wei (*appointed on 23 June 2023*)
CHAN Lok Yin (*appointed on 30 June 2023*)
FOK Hei Yuen Paul (*resigned on 1 July 2023*)

Independent Non-executive Directors

CHIM Tak Lai
DU Min (*appointed on 3 August 2023*)
CHEN Jie (*appointed on 31 August 2023*)
LEE Tak Fai Thomas (*resigned on 31 August 2023*)
YUE Wai Leung Stan (*resigned on 3 August 2023*)

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.



The Company has received, from each of the current independent non-executive Directors, a confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

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 17 to 19 in this annual report.

CHANGES OF DIRECTORS’ INFORMATION

The Company is not aware of any changes in the directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of the third quarterly report for the nine months ended 30 September 2023 of the Company, except for Mr. Chim Tak Lai’s appointment as the CFO of the Winto Group (Holdings) Limited (stock code: 8238) in December 2023 as disclosed in the section under “Biographical Details of Directors and Senior Management”.

DIRECTORS’ SERVICE CONTRACTS

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

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.

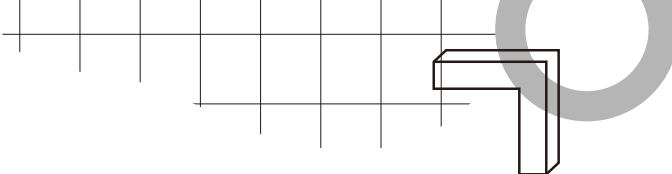
TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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 2023.

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 2023.

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 2023 or subsisted at the end of the year.



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 2023.

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 58 to 65 in this annual report.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising any rights in relation to the Shares, they are advised to consult their professional advisers.

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:

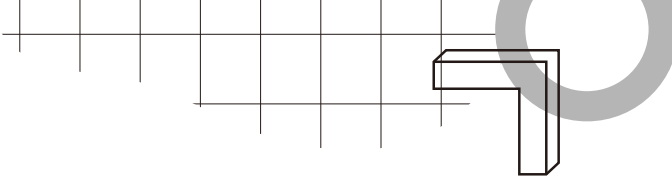
- (i) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and
- (ii)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

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

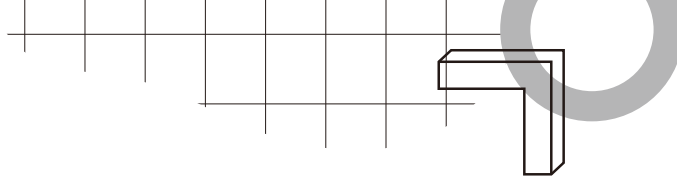
If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options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

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;



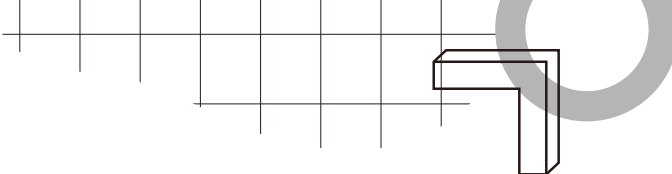
- (iv) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant 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 subparagraph 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).

(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.

(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.

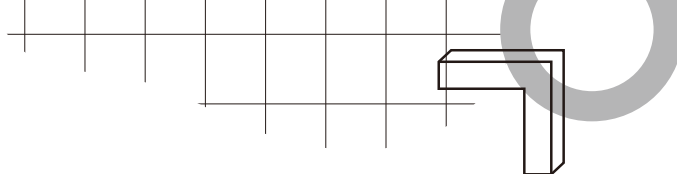
(21) Administration of the Share Option Scheme

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 31 December 2023, 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.

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 2023, 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	34,125,000 (Note 1)	3.95%

Note:

- (1) All 34,125,000 share 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.



(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 2023, 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.

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

As at 31 December 2023, 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:

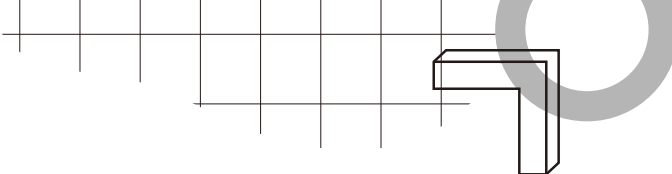
Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Ms. Chiu Man Chi Vivi	Beneficial interest	52,630,000	6.09%

Save as disclosed herein, as at 31 December 2023, 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 2023 are set out in note 32 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 2023, 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 Tuesday, 25 June 2024 to Friday, 28 June 2024, 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 Monday, 24 June 2024.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2023 and this annual report have been reviewed by the Audit Committee.

AUDITOR

HLM CPA Limited resigned as auditor of the Company with effect from 12 November 2021 and Confucius International CPA Limited was appointed as auditor of the Company with effect from 12 November 2021 to fill the causal vacancy and to hold office until the conclusion of the AGM in 2022.

Confucius International CPA Limited resigned as auditor of the Company with effect from 20 September 2023 and McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods") was appointed as auditor of the Company with effect from 21 September 2023 to fill the causal vacancy and to hold office until the conclusion of the forthcoming AGM, with the recommendation from the Audit Committee of the Company. Save as disclosed above, there were no other changes of auditor of the Company in the preceding three years. Further details on the change of auditors were included in the announcement of the Company dated 20 September 2023 and 23 September 2023.

The consolidated financial statements for the year ended 31 December 2023 were audited by McMillan Woods. A resolution for the re-appointment of McMillan Woods as auditor of the Company is to be proposed at the AGM.

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

Hong Kong, 28 March 2024



INDEPENDENT AUDITOR'S REPORT



McMillan Woods

Professionalism at the forefront

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

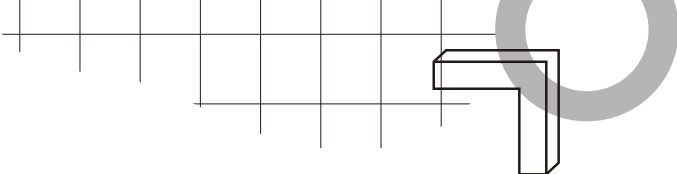
OPINION

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 75 to 148, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, 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 the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.



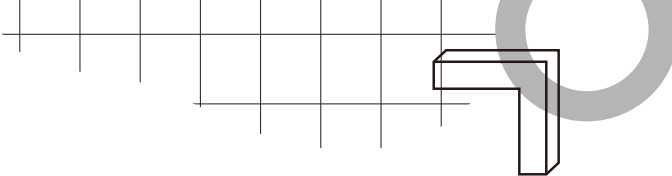
KEY AUDIT MATTERS

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. We have determined (i) impairment assessment for plant and equipment relating to provision of plant hiring services; and (ii) revenue recognition for construction works to be the key audit matters to be communicated in our report.

The Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Impairment assessment for plant and equipment relating to provision of plant hiring services</p> <p><i>Refer to material accounting policy information in note 3, critical estimates and judgements in note 4 and its relevant disclosures in note 15 to the consolidated financial statements.</i></p> <p>Included in the carrying amount of the Group's plant and equipment of HK\$23,373,391 as at 31 December 2023 were plant and equipment attributable to provision of plant hiring services.</p> <p>For the purpose of assessing the recoverable amounts of the relevant plant and equipment, the management performed valuation on the value-in-use of individual items of the relevant plant and equipment based on assumptions. Significant judgements were used to determine the key assumptions underlying the valuation, including estimated remaining rentable lives of the plant and equipment item, the budgeted annual rental income and maintenance costs and discount rates adopted.</p> <p>Due to the significance amount of the relevant plant and equipment to the Group's consolidated financial statements (representing approximately 45% of the Group's total assets) and the determination of recoverable amounts under value-in-use model involved the use of significant management judgements and estimates, we considered this as a key audit matter.</p>	<p>Our audit procedures in relation to the impairment assessment of the relevant plant and equipment included:</p> <ul style="list-style-type: none"> – Discussing with management to understand the basis of valuation approach and methodology; – Challenging management regarding the adoption of the assumptions and estimations in the valuation; – Evaluating the reasonableness of the budgeted income and costs in the valuation by cross-checking against the Group's historical performance; – Assessing the appropriateness of the discount rates adopted with the assistance of auditor's expert; and – Recalculating the value-in-use model and assessing the sufficiency of the impairment as at 31 December 2023.

**KEY AUDIT MATTERS** *(Continued)*

The Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Revenue recognition for construction works</p> <p><i>Refer to material accounting policies information in note 3, critical estimates and judgements in note 4 and its relevant disclosures in note 6 to the consolidated financial statements.</i></p> <p>For the year ended 31 December 2023, the Group's revenue recognised for contract works amounted to HK\$7,964,271.</p> <p>The Group's revenue from construction contracts is recognised over time using the output method, based on direct measurements of the value of works transferred by the Group to the customer as estimated by the management.</p> <p>Management periodically measures the value of the construction works completed for each construction project based on surveys of specialised works and general building works completed by the Group and certified by architects, surveyors or other representatives appointed by the customers and estimates the value of works completed but yet to be certified at the end of each reporting period. Management estimates the value of uncertified works based on surveys carried out by internal technicians and revisited with reference to certification subsequently performed by architects, surveyors or other representatives appointed by the customers. The Group regularly reviews and revises the estimation of construction contract progresses whenever there is any change in circumstances.</p> <p>Due to the significance amount of the revenue from construction works (representing approximately 34% of the Group's revenue) and the involvement of significant judgements and estimates, we considered this as a key audit matter.</p>	<p>Our audit procedures in relation to the measurement of construction works included:</p> <ul style="list-style-type: none">- Understanding and evaluating the key controls over the recognition of contract revenue;- Inspecting material construction contracts of the Group for agreed contract sum and variations;- Assessing the competence, capabilities and objectivity of the architects, surveyors or other representative appointed by the customers;- Tracing the value of construction works at the end of the reporting period to the corresponding certificates and testing the revenue recognition for the current year on a sample basis;- Assessing management's estimates on the value of uncertified works by inspecting the relevant documents on a sample basis which includes certificates, payment applications to customers and other supporting documents subsequent to the end of reporting period that indicates the value of construction works completed up to date;- Performing analytical review procedure for the gross margin of material contracts; and- Assessing the adequacy related to the revenue recognition of construction contracts in the context of HKFRS disclosure requirements.



OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2023.

OTHER INFORMATION

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 AUDIT COMMITTEE 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 the 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.

The Audit Committee assists the directors of the Company in discharging their responsibilities 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 HKSAAs 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.



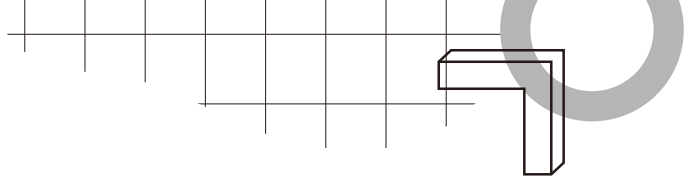
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSA's, 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.
- 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 the Audit Committee 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 the Audit Committee 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.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, 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.

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Lo Ka Ki

Audit Engagement Director

Practicing Certificate Number P06633

24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

Hong Kong, 28 March 2024



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023



	NOTES	2023 HK\$	2022 HK\$
Continuing operations			
Revenue	6	23,088,446	16,341,937
Cost of sales and services		(19,486,560)	(11,260,602)
Gross profit		3,601,886	5,081,335
Other income, gains or (losses)	7	(5,255,215)	(2,383,911)
Other operating expenses		(2,661,308)	(3,713,510)
Impairment losses on plant and equipment		(2,389,136)	(15,247,950)
Impairment losses under expected credit loss model, net of reversal		(10,268,644)	(153,600)
Loss on disposal of subsidiaries	27	–	(4,067,002)
Administrative expenses		(19,890,886)	(14,235,771)
Selling and distribution expenses		(1,233,428)	(1,492,790)
Finance costs	8	(790,340)	(1,381,526)
Loss before tax		(38,887,071)	(37,594,725)
Income tax credit	9	2,160,031	4,366,035
Loss for the year from continuing operations	10	(36,727,040)	(33,228,690)
Discontinued operation			
Loss for the year from discontinued operation	11	–	(286,750)
Loss for the year		(36,727,040)	(33,515,440)
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		–	270
Reclassification of cumulative exchange reserve upon disposal of a foreign operation		–	(198)
		–	72
Total comprehensive expenses for the year		(36,727,040)	(33,515,368)



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK\$	2022 HK\$
Loss for the year attributable to owners of the Company			
– from continuing operations		(36,727,040)	(33,228,690)
– from discontinued operation		–	(286,750)
		(36,727,040)	(33,515,440)
Total comprehensive expenses attributable to owners of the Company			
– from continuing operations		(36,727,040)	(33,228,618)
– from discontinued operation		–	(286,750)
		(36,727,040)	(33,515,368)
Loss per share (HK cents per share)			
From continuing and discontinued operations			
Basic	14	(4.25)	(3.92)
Diluted	14	(4.25)	(3.92)
From continuing operations			
Basic	14	(4.25)	(3.89)
Diluted	14	(4.25)	(3.89)

The accompanying notes form an integral part of these consolidated financial statements.

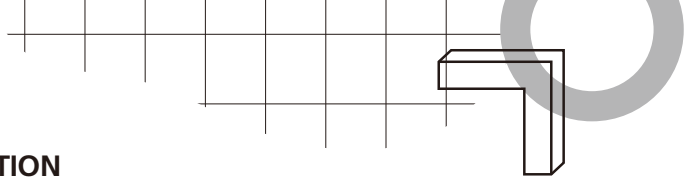


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023



	NOTES	2023 HK\$	2022 HK\$
Non-current assets			
Plant and equipment	15	28,235,988	71,086,979
Right-of-use assets	16	909,888	443,691
		29,145,876	71,530,670
Current assets			
Inventories	17	253,139	992,467
Contract assets	18	262,459	–
Trade and other receivables	19	2,588,996	16,848,535
Loan receivables	20	5,718,751	–
Pledged bank deposits	21	1,514,257	2,923,146
Cash and cash equivalents	21	11,116,565	9,804,156
		21,454,167	30,568,304
Current liabilities			
Trade and other payables	22	5,094,974	2,812,841
Borrowings	23	2,483,795	7,751,651
Lease liabilities			
– current portion	25	473,918	457,824
Obligations under finance leases			
– due within one year	24	2,417,395	10,155,452
Bank overdrafts	21	–	2,341,431
		10,470,082	23,519,199
Net current assets		10,984,085	7,049,105
Total assets less current liabilities		40,129,961	78,579,775



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	NOTES	2023 HK\$	2022 HK\$
Non-current liabilities			
Lease liabilities			
– non-current portion	25	437,257	–
Deferred tax liabilities	26	–	2,160,031
		437,257	2,160,031
Net assets			
		39,692,704	76,419,744
Capital and reserves			
Share capital	28	8,640,000	8,640,000
Reserves		31,052,704	67,779,744
		39,692,704	76,419,744

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on page 75 to 148 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Zhang Wei
DIRECTOR

Lin Dongsheng
DIRECTOR



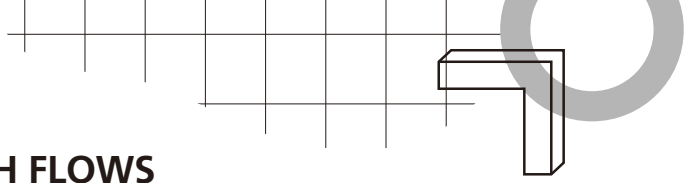
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2023



	Issued capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note)	Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2022	8,200,000	107,323,795	5,499,999	(72)	(14,862,453)	106,161,269
Loss for the year	-	-	-	-	(33,515,440)	(33,515,440)
Other comprehensive income	-	-	-	72	-	72
Total comprehensive income (expenses) for the year	-	-	-	72	(33,515,440)	(33,515,368)
Issue of shares by share placing (Note 28)	440,000	3,520,000	-	-	-	3,960,000
Transaction costs directly attributable to issue of shares upon placing	-	(186,157)	-	-	-	(186,157)
At 31 December 2022 and 1 January 2023	8,640,000	110,657,638	5,499,999	-	(48,377,893)	76,419,744
Total comprehensive expenses for the year	-	-	-	-	(36,727,040)	(36,727,040)
At 31 December 2023	8,640,000	110,657,638	5,499,999	-	(85,104,933)	39,692,704

Note: 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).



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK\$	2022 HK\$
OPERATING ACTIVITIES			
Continuing operations			
Loss before tax of continuing operations		(38,887,071)	(37,594,725)
Adjustments for:			
Interest income	7	(40,495)	(4,917)
Depreciation on plant and equipment	10	5,722,409	8,243,503
Depreciation on right-of-use assets	10	459,345	507,076
Allowance for ECL under expected credit loss model, net of reversal	10	10,268,644	153,600
Impairment losses on plant and equipment	10	2,389,136	15,247,950
Finance costs	8	790,340	1,381,526
Loss on disposal of plant and equipment	7	5,518,083	2,390,080
Loss on disposal of subsidiaries	27	–	4,067,002
Operating cash flows before movements in working capital		(13,779,609)	(5,608,905)
Decrease in inventories		739,328	243,012
Increase in contract assets		(265,147)	–
Decrease in trade and other receivables		1,074,832	8,297,695
Increase in loan receivables		(5,800,000)	–
Increase/(decrease) in trade and other payables		2,282,133	(2,247,691)
		(15,748,463)	684,111
Discontinued operation		–	1,813,848
Net cash (used in)/generated from operating activities		(15,748,463)	2,497,959
INVESTING ACTIVITIES			
Purchases of plant and equipment		(6,410,053)	(1,113,517)
Withdrawal of pledged bank deposits		1,408,889	–
Proceeds from disposal of plant and equipment		35,631,416	6,321,200
Net cash outflow on disposal of subsidiaries	27	–	(45,538)
Receipt of deferred cash consideration from disposal of subsidiaries		3,000,000	–
Interest income received		40,495	3,732
		33,670,747	5,165,877
Discontinued operation		–	–
Net cash from investing activities		33,670,747	5,165,877



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023



	NOTES	2023 HK\$	2022 HK\$
FINANCING ACTIVITIES			
Interest paid	34	(790,340)	(1,381,526)
Repayment of borrowings	34	(5,267,856)	(2,743,061)
Repayment of obligations under finance leases	34	(7,738,057)	(7,650,559)
Proceeds from issue of shares upon placing		–	3,960,000
Transaction costs attributable to issue of shares		–	(186,157)
Repayment of lease liabilities	34	(472,191)	(496,222)
		(14,268,444)	(8,497,525)
Discontinued operation		–	–
Net cash used in financing activities		(14,268,444)	(8,497,525)
Net increase/(decrease) in cash and cash equivalents		3,653,840	(833,689)
Cash and cash equivalents at beginning of the year		7,462,725	8,296,144
Effect of foreign exchange rate changes		–	270
Cash and cash equivalents at end of the year		11,116,565	7,462,725
Cash and cash equivalents at end of the year, represented by			
Bank balances and cash	21	11,116,565	9,804,156
Bank overdrafts		–	(2,341,431)
		11,116,565	7,462,725

The accompanying notes form an integral part of these consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

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 35.

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

2. APPLICATION OF NEW AND AMENDMENTS TO 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 following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKSA 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

Change in accounting policy

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Change in accounting policy (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (Continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost.

New and amendments to HKFRSs in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1 Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a sales and leaseback	1 January 2024
Revised of Hong Kong Interpretation 5 (revised) presentation of financial statements- classification by borrower of a term loan that contains a repayment on demand clause (“HK Int 5 (Revised)“)	1 January 2024
Amendments to HKAS 7 and HKFRS 7 Supplier finance arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the HKICPA

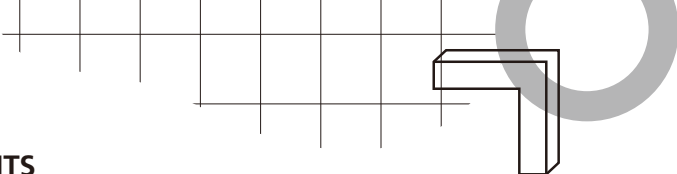
The management of the Group anticipates that the application of these new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the 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 of Hong Kong Limited (the “GEM Listing Rules”) and 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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

Historical cost is generally based on the fair value of the consideration given in exchange for 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 these 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 accounted for in accordance with 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 or 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.

Basis of consolidation

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.

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 or until the date when the Group ceases to control the subsidiary.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation *(Continued)*

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

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investment in subsidiaries

Investments in subsidiaries presented in the Company's statement of financial position included in note 35 to the consolidated financial statements are stated at cost less identified impairment loss.

Revenue recognition

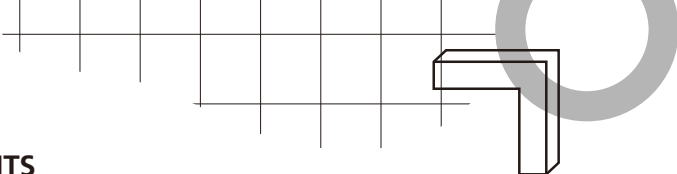
Revenue from contracts with customers

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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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.

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.

Revenue from construction contracts is recognised in accordance with the policy set out under "Construction Contracts" of this section.

Transportation 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

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.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a 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 profit or loss 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 such costs are 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.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

The Group as a lessee

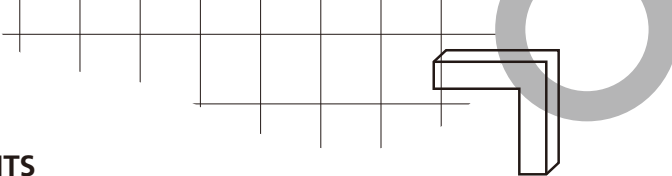
Allocation of consideration to components of a contract

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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.

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 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.

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

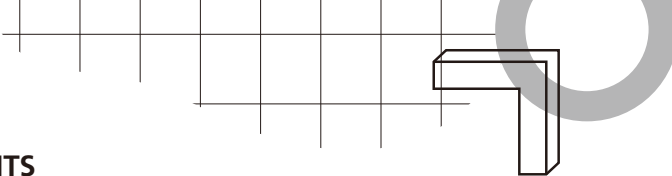
- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- 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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method, i.e. based on measurement of the value of services transferred to the customer to date. The measurement is based on surveys of specialised works and general building works completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers and adjusted by the estimated value of works which is yet to be certified. The directors consider that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

The Group becomes entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the output method and the milestone payment is always less than one year.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Retirement benefits cost

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (“MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on 5% of the employees’ relevant income, subject to a ceiling of monthly relevant income of HK\$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

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.

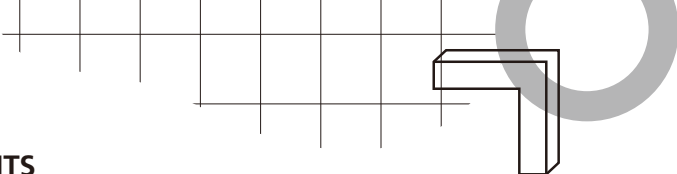
Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or 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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(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 and at the time of transaction does not give rise to equal taxable and deductible temporary differences. 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Plant and equipment

Plant and equipment are tangible assets that 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.

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.

An item of plant and equipment 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.

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.

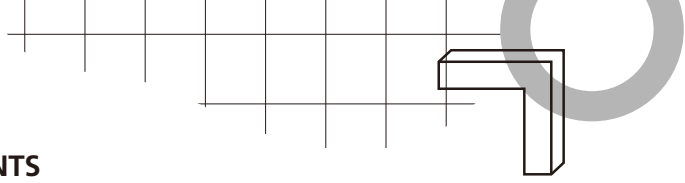
Inventories

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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Impairment on plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment and right-of-use assets, are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment on plant and equipment and right-of-use assets other than goodwill *(Continued)*

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and its 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) Cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

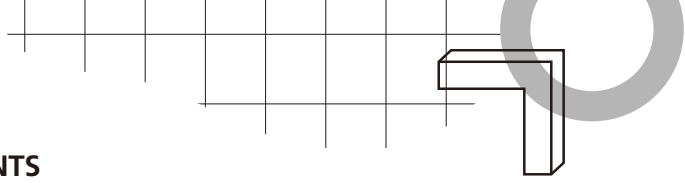
For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as bank overdrafts in the consolidated statement of financial position.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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.

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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

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.

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 (i.e. the gross carrying amount less loss allowance) of the financial asset. 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 subject to impairment assessment under HKFRS 9

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, in which case 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

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

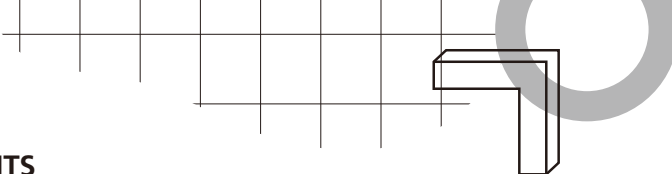
In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In 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 30 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.



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(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 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(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.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration their common risk characteristics, past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

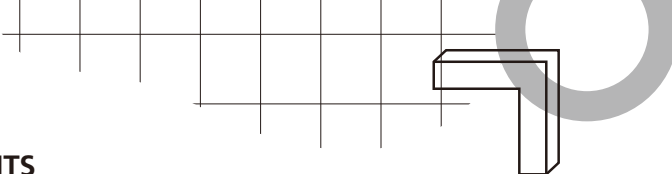
The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments 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.

Derecognition of financial liabilities

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 functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the 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 arising 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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.

Critical judgements in applying accounting policies

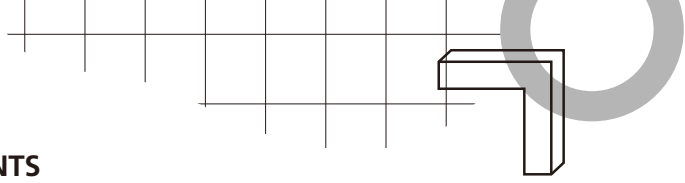
The following is the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Significant increase in credit risk

As explained in Note 3 to the consolidated financial statements, ECL on financial assets other than trade receivables and contract assets are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Revenue recognition of construction contracts

As disclosed in Note 3 to the consolidated financial statements, revenue recognition on a construction contract is based on the construction works completed by the Group and certified by architects, surveyors or other representatives appointed by the customers. At the end of reporting period, the management estimate the value of uncertified works based on surveys carried out by internal technicians and revisited with reference to certification subsequently performed by architects, surveyors or other representatives appointed by the customers. The Group regularly reviews and revises the estimation of construction contract progresses whenever there is any change in circumstances.

At the end of the reporting period, the Group's contract assets was amounted to HK\$149,172 (net of allowance for ECL of HK\$115,975) (2022: Nil).

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 2023 and 2022, the carrying values of plant and equipment are HK\$30,625,124 and HK\$71,086,979 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 the higher of value-in-use calculations and fair value less cost of disposal if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows, discount rates and market data adopted.

For the year ended 31 December 2023, the impairment losses on plant and equipment recognised during the year amount to HK\$2,389,136 (2022: HK\$15,247,950).

Provision of ECL for contract assets, trade receivables, other receivables and loan receivables

The ECL for contract assets, trade receivables, other receivables and loan 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, 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 regarding contract assets, trade receivables, other receivables and loan receivables amounting to HK\$2,688 (2022: Nil), HK\$6,884,707 (2022: HK\$153,600), HK\$3,300,000 (2022: Nil) and HK\$81,249 (2022: Nil) were recognised during the year respectively.

The information about the ECL and the Group's impairment loss regarding trade receivables are disclosed in note 19.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



5. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December	
	2023	2022
	HK\$	HK\$
Financial assets		
<i>Amortised cost</i>		
Trade and other receivables	2,072,346	16,336,377
Loan receivables	5,718,751	–
Bank balances	11,104,565	9,792,156
Pledged bank deposits	1,514,257	2,923,146
	20,409,919	29,051,679
Financial liabilities		
<i>Amortised cost</i>		
Trade and other payables	5,079,490	2,797,357
Borrowings	2,483,795	7,751,651
Obligations under finance leases	2,417,395	10,155,452
Bank overdrafts	–	2,341,431
	9,980,680	23,045,891

b. Financial risk management objectives and policies

The major financial instruments of the Group include trade and other receivables except prepayments, loan receivables, bank balances, pledged bank deposits, trade and other payables, lease liabilities, borrowings, bank overdrafts 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

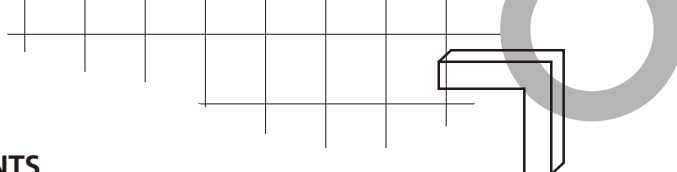
Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, fixed-rate loans receivables and fixed-rate lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate borrowings, variable-rate obligations under finance leases and variable-rate bank overdrafts. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate gearing. During the years ended 31 December 2023 and 2022, the Group's gearing were denominated in HK\$.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



5. FINANCIAL INSTRUMENTS *(Continued)*

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

Interest rate risk (Continued)

	2023 HK\$	% of total gearing	2022 HK\$	% of total gearing
Variable rate borrowings	2,483,795	43%	7,751,651	38%
Variable rate obligations under finance leases	2,417,395	42%	10,155,452	49%
Variable rate bank overdrafts	–	–	2,341,431	11%
Fixed rate lease liabilities	911,175	15%	457,824	2%
	5,812,365	100%	20,706,358	100%

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 instruments 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 had been 100 basis points higher/lower and all other variables held constant, the Group's loss for the years ended 31 December 2023 would decrease/increase (2022: increase/decrease) by HK\$62,153 and HK\$104,564 respectively.

Credit risk

As at 31 December 2023 and 2022, 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



5. FINANCIAL INSTRUMENTS *(Continued)*

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

Contract assets and trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

As at 31 December 2023, the Group has concentration of credit risk as 88% (2022: 88%) and 97% (2022: 97%) of the total contract assets and trade receivables was due from the Group's largest customer and the five largest customers respectively. 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 Group measures loss allowances for contract assets and trade receivables at an amount equal to lifetime ECLs, under simplified approach. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristic and the days past due.

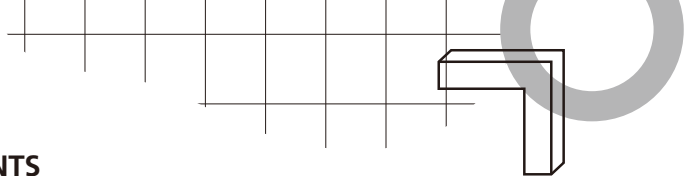
Expected loss rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. It considers available reasonable and supportive forwarding-looking information.

Information regarding ECL on contract assets and trade receivables is detailed in notes 18 and 19 to the consolidated financial statements respectively.

Loan receivables

In respect of loan receivables from clients, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group may request the customer to obtain corporate guarantee from other parties when necessary. Loan receivables balances are monitored on an ongoing basis, management reviews the recoverable amount of loan receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Interest income are usually billed on monthly basis.

Information regarding ECL on loan receivables is detailed in note 20 to the consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Other receivables

For other receivables, the management makes individual assessment on the recoverability of other receivables based on historical settlement records and the pay back ability of counterparty. The management performs periodic review to assess if there is any significant increase in credit risk of these amounts since initial recognition.

Information regarding ECL on other receivables is detailed in note 19 to the consolidated financial statements.

Pledged bank deposits and bank balances

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

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



5. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity risk analysis

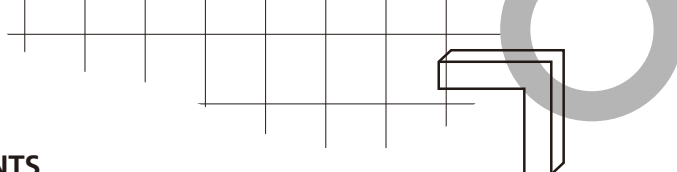
	Weighted average interest rate %	On demand or less than 1 year HK\$	1 to 2 years HK\$	2 to 5 years HK\$	Total undiscounted cash flow HK\$	Carrying amounts HK\$
31 December 2023						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	7.24	2,483,795	–	–	2,483,795	2,483,795
Obligations under finance Leases	5.12	2,417,395	–	–	2,417,395	2,417,395
Trade and other payables	N/A	5,079,490	–	–	5,079,490	5,079,490
Lease liabilities	5.81	513,072	448,938	–	962,010	911,175
		10,493,752	448,938	–	10,942,690	10,891,855
31 December 2022						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	5.72%	7,751,651	–	–	7,751,651	7,751,651
Bank overdrafts	5.88%	2,341,431	–	–	2,341,431	2,341,431
Obligations under finance Leases	4.46%	10,155,452	–	–	10,155,452	10,155,452
Trade and other payables	N/A	2,797,357	–	–	2,797,357	2,797,357
Lease liabilities	5.81%	470,316	–	–	470,316	457,824
		23,516,207	–	–	23,516,207	23,503,715

As at 31 December 2023, bank borrowings in the amount of HK\$2,483,795 (2022: HK\$7,751,651) and obligation under finance leases in the amount of HK\$2,417,395 (2022: HK\$10,155,452), respectively, have repayment on demand clauses contained in their loan/finance lease agreements which give 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



5. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk (Continued)

Liquidity risk analysis (Continued)

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					Carrying amounts HK\$
	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 flow HK\$	
31 December 2023						
Borrowings	7.24%	2,584,265	–	–	2,584,264	2,483,795
Obligation under finance leases	5.12%	1,879,188	629,176	–	2,508,364	2,417,395
		4,463,453	629,176	–	5,092,628	4,901,190
31 December 2022						
Borrowings	5.72%	3,591,085	3,591,216	1,180,875	8,363,176	7,751,651
Obligation under finance leases	4.46%	7,458,553	2,485,757	623,350	10,567,660	10,155,452
		11,049,638	6,076,973	1,804,225	18,930,836	17,907,103

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

FOR THE YEAR ENDED 31 DECEMBER 2023



6. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the net amounts received or receivable for below business activities provided in the normal course of business, net of discounts and returns.

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

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Plant hire income	9,910,419	15,979,747
Income from money lending business	420,000	–
General sales from trading of machinery, tools and parts	3,981,456	35,500
Construction services income (Note)	7,964,271	–
Transportation and other services income	812,300	326,690
	23,088,446	16,341,937

The Group has the following reporting segments:

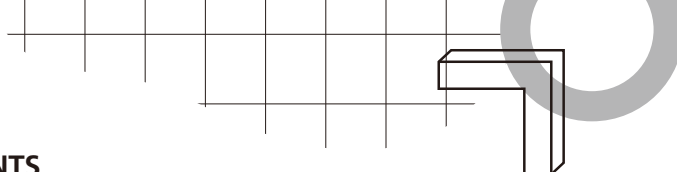
1. Plant hiring
2. Money lending business
3. General sales from trading of machinery, tools and part
4. Construction services
5. Transportation and other services
6. General sales from trading of electronic and household products

Note: The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for construction services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for construction services that had an original expected duration of one year or less.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

For the year ended 31 December 2023

	Plant hiring income HK\$	Money lending business HK\$	General sales from trading of machinery, tools and part HK\$	Construction services HK\$	Transportation and other services income HK\$	Total HK\$
Revenue						
Segment revenue from external customers	9,910,419	420,000	3,981,456	7,964,271	812,300	23,088,446
Revenue recognition						
At a point in time under HKFRS 15	-	-	3,981,456	-	812,300	4,793,756
Over time under HKFRS 15	-	-	-	7,964,271	-	7,964,271
Under HKFRS 16	9,910,419	-	-	-	-	9,910,419
Other source – loan interest income	-	420,000	-	-	-	420,000
	9,910,419	420,000	3,981,456	7,964,271	812,300	23,088,446
Results						
Segment results	(9,633,897)	338,751	441,863	(1,504,075)	68,771	(10,288,587)
Loss on disposal of plant and equipment						(5,518,083)
Other unallocated income						262,868
Other unallocated expenses						(23,343,269)
Loss before tax						(38,887,071)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2022

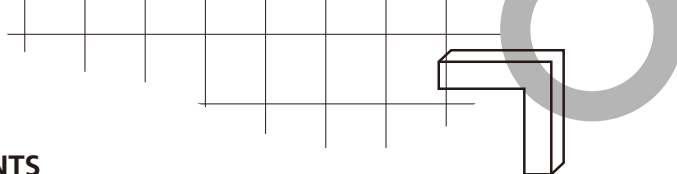
	Continuing operations			Discontinued operation	Total HK\$
	Plant hiring income HK\$	General sales from trading of machinery, tools and part HK\$	Transportation and other services income HK\$	General sales from trading of electronic and household products HK\$	
Revenue					
Segment revenue from external customers	15,979,747	35,500	326,690	59,194	16,401,131
Revenue recognition					
At a point in time under HKFRS 15	–	35,500	326,690	59,194	421,384
Under HKFRS 16	15,979,747	–	–	–	15,979,747
	15,979,747	35,500	326,690	59,194	16,401,131
Results					
Segment results	(14,166,907)	13,685	119,892	6,375	(14,026,955)
Loss on disposal of subsidiaries					(4,067,002)
Loss on disposal of plant and equipment					(2,390,080)
Other unallocated income					6,160
Other unallocated expenses					(17,403,598)
Loss before tax					(37,881,475)

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

FOR THE YEAR ENDED 31 DECEMBER 2023



6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

As at 31 December 2023

	Plant hire income general sales from trading of machinery, tools and parts, and transportation and other services income HK\$	Money lending business HK\$	Construction services HK\$	Consolidated HK\$
Assets				
Segment assets	26,366,105	9,937,509	9,257,696	45,561,310
Unallocated corporate assets				5,038,733
Consolidated total assets				50,600,043
Liabilities				
Segment liabilities	(7,001,878)	(61,500)	(1,228,576)	(8,291,954)
Unallocated corporate liabilities				(2,615,385)
Consolidated total liabilities				(10,907,339)

As at 31 December 2022

	Plant hire income general sales from trading of machinery, tools and parts, and transportation and other services income HK\$	Consolidated HK\$
Assets		
Segment assets	86,082,229	86,082,229
Unallocated corporate assets		16,016,745
Consolidated total assets		102,098,974
Liabilities		
Segment liabilities	(24,599,932)	(24,599,932)
Unallocated corporate liabilities		(1,079,298)
Consolidated total liabilities		(25,679,230)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2023

	Plant hire income HK\$	Money lending business HK\$	General sales from trading of machinery, tools and parts HK\$	Construction services HK\$	Transportation and other services income HK\$	Unallocated HK\$	Total HK\$
Amounts included in the measure of segment results:							
Depreciation on plant and equipment	4,645,448	5,035	-	871,385	-	200,541	5,722,409
Depreciation on right-of-use assets	-	-	-	-	-	459,345	459,345
Loss on disposal of plant and equipment	-	-	-	-	-	5,518,083	5,518,083
Impairment losses on plant and equipment	2,389,136	-	-	-	-	-	2,389,136
Allowance for ECL	6,864,659	81,249	-	19,616	-	3,300,000	10,268,644
Interest income	24,225	439	-	793	-	15,038	40,495
Interest expenses	790,340	-	-	-	-	-	790,340
Information about segment assets and liabilities:							
Addition to non-current assets	20,681	-	-	6,389,372	-	-	6,410,053

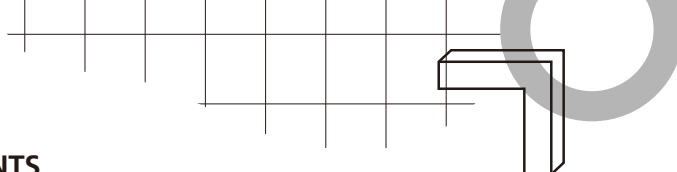
For the year ended 31 December 2022

	Continuing operations			Discontinued operation		Unallocated HK\$	Total HK\$
	Plant hire income HK\$	General sales from trading of machinery, tools and parts HK\$	Transportation and other services income HK\$	General sales from trading of electronic and household products HK\$			
Amounts included in the measure of segment results:							
Depreciation on plant and equipment	7,689,813	-	-	982	553,690		8,244,485
Depreciation on right-of-use assets	-	-	-	-	507,076		507,076
Loss on disposal of plant and equipment	-	-	-	-	2,390,080		2,390,080
Loss on disposal of subsidiaries	-	-	-	-	4,067,002		4,067,002
Impairment losses on plant and equipment	15,247,950	-	-	-	-		15,247,950
Allowance for ECL	153,600	-	-	-	-		153,600
Interest income	1,245	-	-	-	3,672		4,917
Interest expenses	1,381,526	-	-	-	-		1,381,526
Information about segment assets and liabilities:							
Addition to non-current assets	1,087,826	-	-	-	25,591		1,113,517



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



6. 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	
	2023	2022
	HK\$	HK\$
Hong Kong	23,088,446	6,851,661
Macau	–	9,490,276
	23,088,446	16,341,937

Non-current assets	As at 31 December	
	2023	2022
	HK\$	HK\$
Hong Kong	29,145,876	71,530,670

Information about major customers

Revenue from customers during the years ended 31 December 2023 and 2022 contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Plant hire income segment		
Customer A	6,183,398	–
Customer B	2,650,000	–
Customer C*	–	13,121,788
Construction services income segment		
Customer D	5,302,941	–
Customer E	2,661,330	–

* This customer did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2023.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



7. OTHER INCOME, GAINS OR (LOSSES)

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Continuing operations:		
Bank interest income	40,495	4,917
Loss on disposal of plant and equipment	(5,518,083)	(2,390,080)
Net exchange gain	–	1,252
Others	222,373	–
	(5,255,215)	(2,383,911)

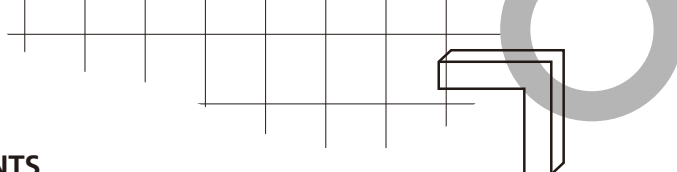
8. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Continuing operations:		
Interest on bank borrowings	390,666	540,378
Interest on bank overdrafts	69,527	146,200
Interest on finance leases	315,470	653,666
Interest on lease liabilities	14,677	41,282
	790,340	1,381,526



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



9. INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Continuing operations:		
Deferred taxation (Note 26)	(2,160,031)	(4,366,035)

Under the two-tiered profits tax regime, one of the Company's Hong Kong subsidiaries is subjected to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of its estimated assessable profits and at 16.5% on its estimated assessable profits above HK\$2 million. Other Hong Kong subsidiaries not qualifying for the two-tiered profit tax Regime are subjected to Hong Kong Profits Tax at the rate of 16.5% for the years ended 31 December 2023 and 2022.

No Provision for Hong Kong Profits Tax is required since the Hong Kong subsidiaries either incurred a loss for the year or have sufficient tax losses brought forward to set off against current year's assessable profits.

There are no PRC and Macau tax implications for the year (2022: Nil).

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

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Loss before tax from continuing operations	(38,887,071)	(37,594,725)
Tax at domestic income tax rate of 16.5% (2022: 16.5%)	(6,416,367)	(6,203,130)
Tax effect of income not taxable for tax purpose	(8,863)	(127,265)
Tax effect of expenses not deductible for tax purpose	3,452,431	1,877,409
Tax effect of temporary differences not recognised	(213,573)	102,479
Tax effect of tax losses not recognised	1,026,341	–
Utilisation of tax losses previously not recognised	–	(15,528)
Income tax credit for the year	(2,160,031)	(4,366,035)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



10. LOSS FOR THE YEAR

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Directors' emoluments and allowances (Note 12)	3,485,016	2,753,466
Staff costs		
– Salaries, allowances and other benefits	7,164,023	7,318,304
– Bonus	285,200	366,600
– Government grants under Employment Support Scheme	–	(348,000)
– Retirement benefits scheme contributions	354,354	344,198
	7,803,577	7,681,102
Total staff costs (Note (a))	11,288,593	10,434,568
Auditor's remuneration		
– Audit services	1,300,000	500,000
– Non-audit services	70,000	–
Cost of general sales on machinery, tools and parts	3,539,593	21,815
Depreciation of plant and equipment (Note (b))		
– owned assets	4,501,467	6,719,224
– assets held under finance leases	1,220,942	1,525,261
Depreciation of right-of-use assets	459,345	507,076
Loss on disposal of plant and equipment	5,518,083	2,390,080
Short-term operating lease rentals in respect of rented premises	2,601,068	1,172,000
Allowance for ECL, net of reversal	10,268,644	153,600
Impairment losses on plant and equipment	2,389,136	15,247,950

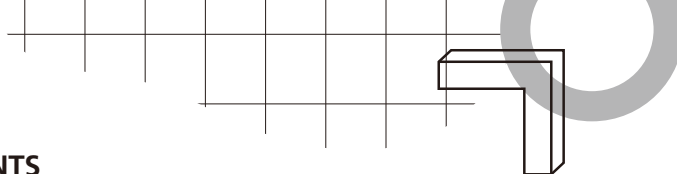
Notes:

- (a) Staff costs of HK\$2,176,035 (2022: HK\$2,445,112) for the year ended 31 December 2023 is included in cost of sales and services.
- (b) Depreciation of HK\$4,147,111 (2022: HK\$7,689,813) for the year ended 31 December 2023 is included in cost of sales and services.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



11. DISCONTINUED OPERATION

On 18 March 2022, the Group entered into a sale agreement to dispose of a subsidiary, Yummy Network Technology Company Limited (“Yummy Network”), which carried out all of the Group’s general sales from trading of electronic and household products operation. The disposal was effected in order to realise its investment and can focus on other profit making segments. The disposal was completed on 29 April 2022, on which date control of Yummy Network was passed to the acquirer.

The loss for the year from discontinued operation is set out below.

	Period ended 29 April 2022
	HK\$
Loss of general sales from trading of electronic and household products operation for the period	(286,750)
Loss on disposal of general sales from trading of electronic and household products operation (Note 27)	(4,095,565)
	(4,382,315)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



11. DISCONTINUED OPERATION *(Continued)*

The results of the general sales from trading of electronic and household products operation for the period from 1 January 2022 to 29 April 2022, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 29 April 2022
	HK\$
Revenue	59,194
Cost of sales	(51,837)
Gross profit	7,357
Other income, gains or (losses)	(9)
Administrative expenses	(294,098)
Loss before tax	(286,750)
Income tax	–
Loss for the period	(286,750)

Loss for the period from discontinued operation includes the following:

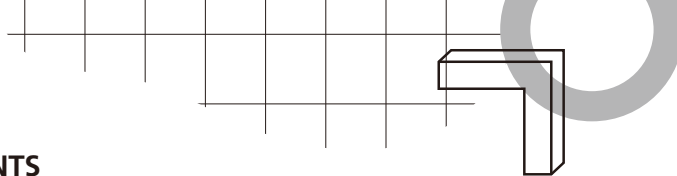
Staff costs	
– Salaries, allowances and other benefits	140,800
– Retirement benefits scheme contributions	14,400
Total staff costs	155,200
Cost of general sales on electronic and household products	51,837
Depreciation of plant and equipment	982
Short-term operating lease rentals in respect of rented premises	17,000

The carrying values of the assets and liabilities of Yummy Network at the date of disposal are disclosed in note 27.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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 directors of the Company, during the years ended 31 December 2023 and 2022 are as follows:

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Directors' fees	479,516	357,143
Other emoluments:		
Basic salaries, allowances	2,952,667	2,371,355
Retirement benefits scheme contributions	52,833	24,968
	3,485,016	2,753,466

Note: No director waived any emoluments for the years ended 31 December 2023 and 2022.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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

(a) Directors' emoluments and retirement benefits

For the year ended 31 December 2023

	Fee HK\$	Basic salaries and allowance HK\$	Retirement benefit scheme contributions HK\$	Total HK\$
Executive Directors				
Sou Peng Kan Albert (<i>Chairman</i>)	–	1,560,000	–	1,560,000
Lau Lawrence Tak Sun	–	480,000	18,000	498,000
Lin Dongsheng	–	360,000	18,000	378,000
Zhang Wei (Note (i))	–	156,667	7,833	164,500
Chan Lok Yin (Note (i))	–	300,000	9,000	309,000
Fok Hei Yuen Paul (Note (ii))	–	96,000	–	96,000
	–	2,952,667	52,833	3,005,500
Independent Non-executive Directors				
Chim Tak Lai	120,000	–	–	120,000
Du Min (Note (iii))	148,065	–	–	148,065
Chen Jie (Note (iii))	60,484	–	–	60,484
Lee Tak Fai Thomas (Note (iv))	80,000	–	–	80,000
Yue Wai Leung Stan (Note (iv))	70,967	–	–	70,967
	479,516	–	–	479,516
Total	479,516	2,952,667	52,833	3,485,016

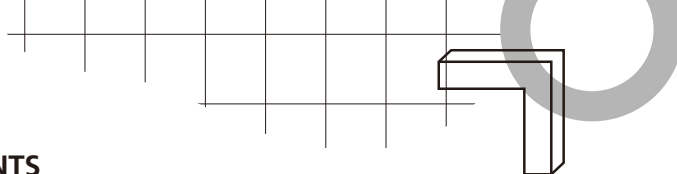
Notes:

- (i) Zhang Wei and Chan Lok Yin were appointed as executive director of the Company on 23 June 2023 and 30 June 2023 respectively.
- (ii) Fok Hei Yuen Paul resigned as executive director of the Company on 1 July 2023.
- (iii) Du Min and Chen Jie were appointed as independent non-executive director of the Company on 3 August 2023 and 31 August 2023 respectively.
- (iv) Lee Tak Fai Thomas and Yue Wai Leung Stan resigned as independent non-executive director of the Company on 31 August 2023 and 3 August 2023 respectively.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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

(a) Directors' emoluments and retirement benefits (Continued)

For the year ended 31 December 2022

	Fee HK\$	Basic salaries and allowance HK\$	Retirement benefit scheme contributions HK\$	Total HK\$
Executive directors				
Sou Peng Kan, Albert	–	1,560,000	–	1,560,000
Fok Hei Yuen, Paul	–	192,000	–	192,000
Lau, Lawrence Tak Sun	–	480,000	18,000	498,000
Lin Dongsheng (Note (i))	–	139,355	6,968	146,323
	–	2,371,355	24,968	2,396,323
Independent Non-Executive directors				
Lee Tak Fai, Thomas	120,000	–	–	120,000
Yau Lut Pong, Leo (Note (ii))	15,000	–	–	15,000
Yue Wai Leung, Stan	120,000	–	–	120,000
Chim Tak Lai (Note (iii))	102,143	–	–	102,143
	357,143	–	–	357,143
Total	357,143	2,371,355	24,968	2,753,466

Notes:

- (i) Lin Dongsheng was appointed as executive director of the Company on 12 August 2022.
- (ii) Yau Lut Pong, Leo resigned as independent non-executive director of the Company on 14 February 2022.
- (iii) Chim Tak Lai was appointed as independent non-executive director of the Company on 23 February 2022.

(b) Directors' termination benefits

During the year ended 31 December 2023, no termination benefits were paid to the directors (2022: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, no consideration was paid for making available the services of the directors of the Company (2022: Nil).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2023, there was no loans, quasi-loans or other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors (2022: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company 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 or at any time during the year (2022: Nil).

Five highest paid individuals

The five highest paid individuals with the highest emoluments in the Group include one and one director for the years ended 31 December 2023 and 2022, respectively. Details of his emoluments are set out above. The remunerations for the remaining four and four individuals for the years ended 31 December 2023 and 2022, respectively are as follows:

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Basic salaries, allowances and other benefits	4,770,600	3,077,246
Discretionary bonus	155,500	166,000
Retirement benefits scheme contributions	189,000	192,000
	5,115,100	3,435,246

Their emoluments were within the following bands:

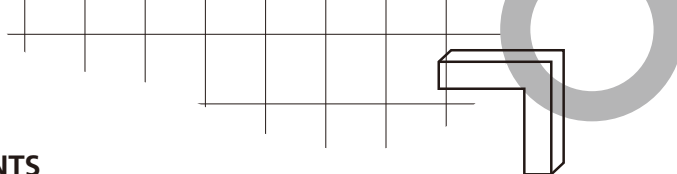
	Year ended 31 December	
	2023	2022
	Number of employees	Number of employees
Nil – HK\$1,000,000	2	3
HK\$1,000,001 – HK\$1,500,000	2	1
	4	4

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 2023 and 2022.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



13. DIVIDEND

(a) Dividends payable to the owners of the Company attributable to the year

The board of directors do not recommend the payment of any dividend for the year (2022: Nil).

(b) Dividends payable to the owners of the Company attributable to previous financial year, approved and paid during the year

The directors have resolved not to recommend the declaration of any final dividend for the years ended 31 December 2023 and 2022.

14. LOSS PER SHARE

From continuing operations

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Loss for the year from continuing operations attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	(36,727,040)	(33,228,690)

Number of shares

	Year ended 31 December	
	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	864,000,000	854,476,712

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2022 has taken into account for the share placing on 21 March 2022.

The Company did not have any potential ordinary shares outstanding during the year ended 31 December 2023 (2022: Nil). Diluted loss per share is equal to basic loss per share.

From continuing and discontinued operations

Basic and diluted loss per share for continuing and discontinued operations is 4.25 HK cents per share (2022: 3.92 HK cents per share), based on the loss for the year from continuing and discontinued operations of HK\$36,727,040 (2022: HK\$33,515,440) and the denominators detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share for discontinued operation for the year ended 31 December 2022 is 0.03 HK cents per share, based on the loss for the year ended 31 December 2022 from discontinued operation of HK\$286,750 and the denominators detailed above for both basic and diluted loss per share.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



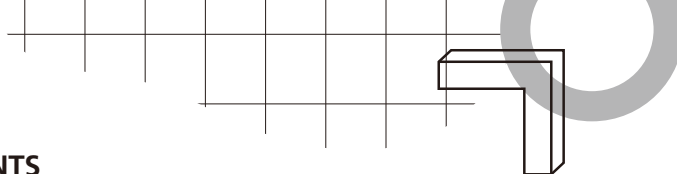
15. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment Owned HK\$	Motor vehicles Owned HK\$	Leased HK\$	Plant and machinery Owned HK\$	Leased HK\$	Tools Owned HK\$	Total HK\$
COST							
At 1 January 2022	601,310	3,343,636	335,980	98,527,772	38,834,574	17,383,902	159,027,174
Additions	25,591	550,208	–	–	–	537,718	1,113,517
Disposals	(12,297)	(1,745,438)	–	(10,484,061)	–	(1,000,717)	(13,242,513)
Disposal of a subsidiary	(29,500)	–	–	–	–	–	(29,500)
Reclassification	–	335,980	(335,980)	2,900,000	(2,900,000)	–	–
At 31 December 2022 and 1 January 2023	585,104	2,484,386	–	90,943,711	35,934,574	16,920,903	146,868,678
Additions	20,681	389,372	–	6,000,000	–	–	6,410,053
Disposals	–	–	–	(62,098,063)	(28,360,801)	(11,217,143)	(101,676,007)
At 31 December 2023	605,785	2,873,758	–	34,845,648	7,573,773	5,703,760	51,602,724
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2022	442,390	1,674,717	240,785	40,251,929	11,021,550	3,196,491	56,827,862
Charge for the year	43,914	510,659	–	4,399,580	1,525,261	1,765,071	8,244,485
Eliminated on disposals	(9,137)	(1,024,838)	–	(3,215,111)	–	(282,147)	(4,531,233)
Impairment loss	–	–	–	8,578,244	6,669,706	–	15,247,950
Eliminated on disposal of a subsidiary	(7,365)	–	–	–	–	–	(7,365)
Reclassification	–	240,785	(240,785)	549,243	(549,243)	–	–
At 31 December 2022 and 1 January 2023	469,802	1,401,323	–	50,563,885	18,667,274	4,679,415	75,781,699
Charge for the year	44,026	465,245	–	3,059,069	1,220,942	933,127	5,722,409
Impairment loss	–	–	–	1,800,136	589,000	–	2,389,136
Eliminated on disposals	–	–	–	(38,587,347)	(18,623,419)	(3,315,742)	(60,526,508)
At 31 December 2023	513,828	1,866,568	–	16,835,743	1,853,797	2,296,800	23,366,736
CARRYING VALUES							
At 31 December 2023	91,957	1,007,190	–	18,009,905	5,719,976	3,406,960	28,235,988
At 31 December 2022	115,302	1,083,063	–	40,379,826	17,267,300	12,241,488	71,086,979



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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 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 values of plant and equipment held under finance leases is:

	As at 31 December	
	2023	2022
	HK\$	HK\$
Plant and machinery	5,719,976	17,267,300

Impairment assessment

Due to sustainable losses incurred in the plant-hiring segment, the Group performed an impairment assessment of the plant and machinery included in the segment. The recoverable amounts of plant and machinery have been determined based on the higher of their value in use and their fair value less cost of disposal of individual item of plant and machinery. As a result, impairment losses of HK\$2,389,136 (2022: HK\$15,247,950) were recognised for plant and machinery associated with plant-hiring segment. The calculation of value in use was based on the cash flow projections for each individual item of plant and machinery which were approved by the directors and considered the estimated residual economic lives of the items. The estimated growth rate used does not exceed the long-term average growth rate adopted for the market.

Key assumptions used in the cash flow projection calculation are set out below:

	2023	2022
Sales growth rate	2%	2%
Net profit margin (% of revenue)	48.6%	49.4%
Discount rate	11.78%	13.96%

The above key assumptions were used in the value in use calculation as at 31 December 2023. The following describes each key assumption on which the management has based its cash flow projection to undertake the impairment assessment.

Sales growth rate – based on historical experience and compared to the long-term average growth rate.

Net profit margin – The basis used to determine the value assigned to the budgeted net profit margin expected to achieve.

Discount rate – The discount rate used is pre-tax and reflects specific risk relating to the business that the plant and machinery employed.

The directors of the Company believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of plant and machinery to exceed its recoverable amount.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



16. RIGHT-OF-USE ASSETS

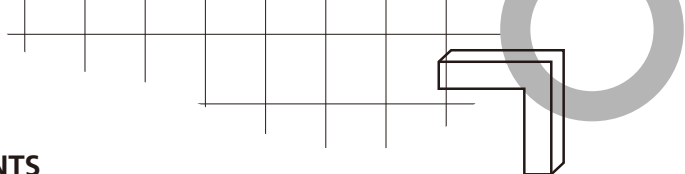
	Leased property
	HK\$
COST	
At 1 January 2022, 31 December 2022 and 1 January 2023	1,014,151
Addition	925,542
Write off upon completion of lease term	(1,014,151)
At 31 December 2023	925,542
ACCUMULATED DEPRECIATION	
At 1 January 2022	63,384
Charge for the year	507,076
At 31 December 2022 and 1 January 2023	570,460
Charge for the year	459,345
Write off upon completion of lease term	(1,014,151)
At 31 December 2023	15,654
CARRYING VALUES	
At 31 December 2023	909,888
At 31 December 2022	443,691

For all leases with a non-cancellable 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 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.

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Expense relating to short-term leases	2,601,068	1,172,000
Depreciation expense on right-of-use assets	459,345	507,076
Interest expenses on lease liabilities	14,677	41,282

In addition, lease liabilities of HK\$911,175 (2022: HK\$457,824) are recognised with related right-of-use assets of HK\$909,888 (2022: HK\$443,691) as at 31 December 2023. 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

FOR THE YEAR ENDED 31 DECEMBER 2023

17. INVENTORIES

	As at 31 December	
	2023	2022
	HK\$	HK\$
Spare parts, at cost	253,139	992,467

18. CONTRACT ASSETS

	As at 31 December	
	2023	2022
	HK\$	HK\$
Contract assets	265,147	–
Less: Allowance for ECL	(2,688)	–
Contract assets, net	262,459	–

Contract assets represent the Group's rights to considerations from customers for the provision of construction services, which arise when the customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period on a pre-agreed time period. The Group does not hold any collateral as security. As at the end of the reporting period, the amount of contract assets represent retention receivables and are expected to be recovered within one year.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



18. CONTRACT ASSETS *(Continued)*

The increase in contract assets was due to commencement of the construction services business during the reporting period.

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets:

	Expected loss rate %	Gross carrying Amount HK\$	Loss allowance HK\$
Contract assets			
Current (not past due)	1.01%	265,147	2,688

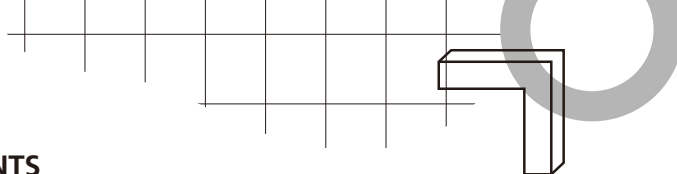
The movement in the allowance for ECL of contract assets:

	2023 HK\$	2022 HK\$
At January	–	–
Allowance for ECL recognised during the year	2,688	–
At 31 December	2,688	–



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



19. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables:

	As at 31 December	
	2023	2022
	HK\$	HK\$
Trade receivables		
– contracts with customers	607,557	843,588
– under HKFRS 16 leases	8,438,842	16,217,919
	9,046,399	17,061,507
Less: Allowance for ECL of trade receivables	(7,432,108)	(7,425,395)
Trade receivables (net)	1,614,291	9,636,112
Interest receivables from money lending business	60,000	–
Less: Allowance for ECL of interest receivables	–	–
Interest receivables (net)	60,000	–
Other receivables	3,300,000	6,300,000
Less: Allowance for ECL of other receivables	(3,300,000)	–
Other receivables (net)	–	6,300,000
Rental and utilities deposits paid	398,055	400,265
Prepayments	516,650	512,158
	2,588,996	16,848,535



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



19. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows a credit period of 0–30 days (2022: 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.

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

	As at 31 December	
	2023	2022
	HK\$	HK\$
Within 30 days	423,468	566,476
31 to 60 days	27,051	254,649
61 to 90 days	321,237	300,391
91 to 120 days	232,976	–
121 to 365 days	609,559	8,514,596
	1,614,291	9,636,112

Allowance for ECL, net of reversal amounting to HK\$6,884,707 (2022: HK\$153,600) has been recognised for the year.

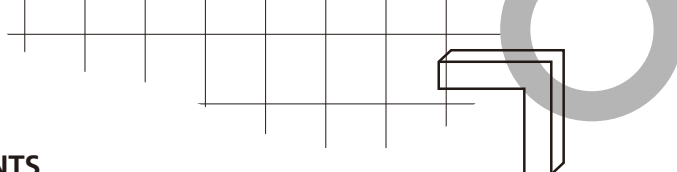
	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 365 days	Over 1 year	Total
At 31 December 2023							
Expected credit loss rate (%)	4.18%	1.14%	5.27%	8.72%	10.97%	100%	
Gross carrying amount – trade receivables (HK\$)	441,928	27,363	339,119	255,244	684,702	7,298,043	9,046,399
Allowance for ECL on trade receivables	18,460	312	17,882	22,268	75,143	7,298,043	7,432,108
At 31 December 2022							
Expected credit loss rate (%)	0.12%	5.69%	5.70%	–	5.68%	100%	
Gross carrying amount – trade receivables (HK\$)	567,176	270,000	318,540	–	9,027,796	6,877,995	17,061,507
Allowance for ECL on trade receivables	700	15,351	18,149	–	513,200	6,877,995	7,425,395

Included in the Group's trade receivable balances were debtors with net carrying amount of HK\$1,190,823 (2022: HK\$9,069,636) 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

FOR THE YEAR ENDED 31 DECEMBER 2023



19. TRADE AND OTHER RECEIVABLES (Continued)

The movements in the allowance for ECL of trade receivables:

	2023 HK\$	2022 HK\$
At 1 January	7,425,395	16,764,745
Disposal of a subsidiary	–	(9,492,950)
Reversal upon write-off of trade receivables	(6,877,994)	–
Allowance for ECL recognised during the year	6,884,707	153,600
At 31 December	7,432,108	7,425,395

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.

An analysis of the gross amount of other receivables and ECL is as follows:

At 31 December 2023

	12-month ECL HK\$	Lifetime ECL HK\$	Lifetime ECL – credit-impaired HK\$	Total HK\$
Stage 3	–	–	3,300,000	3,300,000
ECL %	–	–	100%	
ECL	–	–	3,300,000	3,300,000

At 31 December 2022

	12-month ECL HK\$	Lifetime ECL HK\$	Lifetime ECL – credit-impaired HK\$	Total HK\$
Stage 1	6,300,000	–	–	6,300,000
ECL %	–	–	–	
ECL	–	–	–	–



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



19. TRADE AND OTHER RECEIVABLES (Continued)

The movements in the allowance for ECL of other receivables:

	Stage 1 12-month ECL HK\$	Stage 2 Lifetime ECL – not credit impaired HK\$	Stage 3 Lifetime ECL – credit impaired HK\$	Total HK\$
At 1 January 2023	–	–	–	–
Allowance for ECL recognised during the year	–	–	3,300,000	3,300,000
At 31 December 2023	–	–	3,300,000	3,300,000

20. LOAN RECEIVABLES

	As at 31 December 2023 HK\$	2022 HK\$
Loan receivables, secured	5,800,000	–
Less: Allowance for ECL of loan receivables	(81,249)	–
Loan receivables, net	5,718,751	–

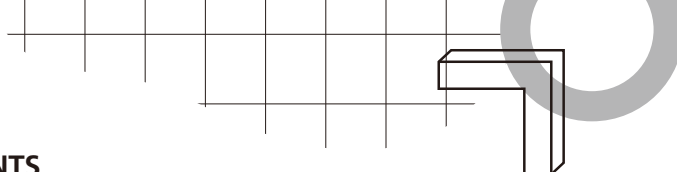
The loan receivables had a loan period of 12 months and interest are payable on a monthly basis, bore fixed interest rate at 18% per annum and were repayable according to the loan agreements.

Secured loan receivables are secured by corporate guarantee or personal guarantee.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



20. LOAN RECEIVABLES *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for loan receivables:

	Expected loss rate %	Gross carrying Amount HK\$	Loss allowance HK\$
Loan receivables – Stage 1			
Current (not past due)	1.40%	5,800,000	81,249

The movement in the allowance for ECL of loan receivables:

	Stage 1 12-month ECL HK\$	Stage 2 Lifetime ECL – not credit impaired HK\$	Stage 3 Lifetime ECL – credit impaired HK\$	Total HK\$
At 1 January 2023	–	–	–	–
Allowance for ECL recognised during the year	81,249	–	–	81,249
At 31 December 2023	81,249	–	–	81,249



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



21. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS/BANK OVERDRAFTS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments which carry interest at market rates range from 0% to 0.06% per annum (2022: 0% to 0.63% per annum).

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits as at 31 December 2023 amounting to HK\$1,514,257 (2022: HK\$2,923,146) have been pledged to secure banking facilities and are classified as current assets. The pledged bank deposits carry interest at 0.40% to 0.92% per annum (2022: 0.05% to 0.40% per annum).

Bank overdrafts carry interest at market rate of 5.44% (2022: 5.88%) per annum for the year ended 31 December 2023.

The unutilised bank facilities as at 31 December 2023 amounted to HK\$200,000 (2022: HK\$327,971).

22. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables:

	As at 31 December	
	2023	2022
	HK\$	HK\$
Trade payables	1,055,213	529,941
Contract liabilities (Note)	15,484	15,484
Accrued expenses	4,014,277	2,257,416
Deposits and temporary receipts	10,000	10,000
	5,094,974	2,812,841

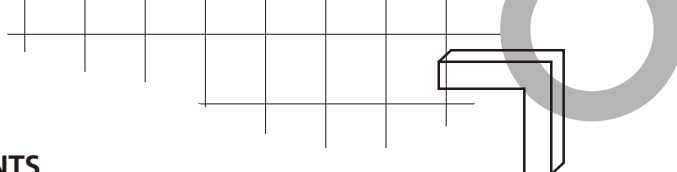
Note: The contract liabilities primarily relate to the deposits or payments received in advance from customer for general sales from trading of machinery, tools and parts.

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



22. TRADE AND OTHER PAYABLES (Continued)

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

	As at 31 December	
	2023	2022
	HK\$	HK\$
Within 30 days	301,943	70,479
31 to 60 days	8,021	64,395
61 to 90 days	44,955	93,600
Over 90 days	700,294	301,467
	1,055,213	529,941

23. BORROWINGS

	As at 31 December	
	2023	2022
	HK\$	HK\$
Secured bank borrowings	2,483,795	7,751,651

	As at 31 December	
	2023	2022
	HK\$	HK\$
Borrowings that contain a repayable on demand clause with the following repayment schedule:		
Within one year	2,483,795	3,195,956
More than one year but not more than two years	–	3,411,092
More than two years but not more than five years	–	1,144,603
	2,483,795	7,751,651
Less: Amounts due within one year shown under current liabilities	(2,483,795)	(7,751,651)
Amounts shown under non-current liabilities	–	–

The variable-rate borrowings at 31 December 2023 carry interest ranging from 4.8% to 7.4% per annum (2022: 4.8% to 6.9% per annum).

As at 31 December 2023, the Group's secured bank borrowings were secured by the Group's machinery with net carrying amount of HK\$6,177,000.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



24. OBLIGATIONS UNDER FINANCE LEASES

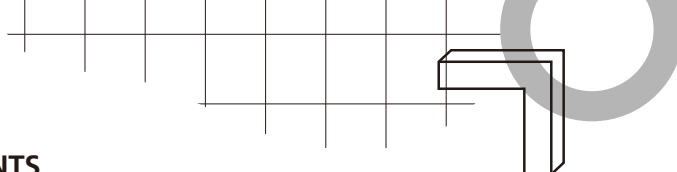
	Year ended 31 December			
	2023		2022	
	HK\$		HK\$	
Analysed for reporting purposes as:				
Current liabilities	2,417,395		10,155,452	
	Minimum lease payments		Present value of minimum lease payments	
	As at 31 December		As at 31 December	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
Within one year or contain repayable on demand clause	2,508,364	10,567,660	2,417,395	10,155,452
In the second to fifth year inclusive	–	–	–	–
	2,508,364	10,567,660	2,417,395	10,155,452
Less: future finance charges	(90,969)	(412,208)	–	–
Present value of finance leases obligations	2,417,395	10,155,452	2,417,395	10,155,452
Less: carrying values that due for settlement within twelve months or contain repayable on demand clause (shown under current liabilities)			(2,417,395)	(10,155,452)
Amount due shown under non-current liabilities			–	–

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 2023 is 5 years (2022: 4 to 5 years). Interest rates underlying all obligations under finance leases as at 31 December 2023 ranged from 4.8% to 5.3% per annum (2022: 4.8% to 4.9% per annum).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



25. LEASES LIABILITIES

	Year ended 31 December	
	2023	2022
	HK\$	HK\$
Analysed for reporting purposes as:		
Current liabilities	473,918	457,824
Non-current liabilities	437,257	–
	911,175	457,824

The incremental borrowing rates applied to lease liabilities is 5.81% per annum (2022: 5.81% per annum).

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 December		As at 31 December	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
Amounts payable under obligating leases				
Within one year	513,072	470,316	473,918	457,824
More than one year but less than two years	448,938	–	437,257	–
	962,010	470,316	911,175	457,824
Less: future finance charges	(50,835)	(12,492)	–	–
Present value of obligation under obligating leases	911,175	457,824	911,175	457,824
Less: carrying values that due for settlement within twelve months			(473,918)	(457,824)
Amount due for settlement after twelve months			437,257	–

There is no lease obligation denominated in currencies other than the functional currency of the Group.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



26. DEFERRED TAX LIABILITIES

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

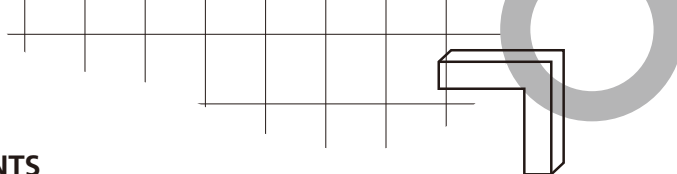
	Accelerated tax depreciation	Tax losses	Total
	HK\$	HK\$	HK\$
At 1 January 2022	15,122,645	(8,596,579)	6,526,066
Credit to profit or loss (Note 9)	(4,225,923)	(140,112)	(4,366,035)
At 31 December 2022 and 1 January 2023	10,896,722	(8,736,691)	2,160,031
Debit/(credit) to profit or loss (Note 9)	(7,034,025)	4,873,994	(2,160,031)
At 31 December 2023	3,862,697	(3,862,697)	–

At the end of reporting period, the Group has unused tax losses of HK\$31,919,941 (2022: HK\$55,239,046) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of HK\$23,410,286 (2022: HK\$52,949,641) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$8,509,655 (2022: HK\$2,289,405) due to the unpredictability of future profit streams.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



27. DISPOSAL OF SUBSIDIARIES

On 18 March 2022, the Company entered into a sale and purchase agreement with an independent third party to dispose of 100% equity interest in Yummy Network Technology Company Limited (“Yummy Network”) at a total consideration of HK\$8,300,000. The disposal was completed on 29 April 2022.

As referred to note 11, on 29 April 2022, the Group discontinued its general sales from trading of electronic and household products operation at the time of disposal of its subsidiary, Yummy Network. The net assets of Yummy Network at the date of disposal were as follows:

	HK\$
Consideration:	
Cash received	2,000,000
Deferred cash consideration (Note)	6,300,000
Total consideration	8,300,000
	29 April 2022
	HK\$
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	22,135
Inventories	5,647,250
Trade and other receivables	5,596,791
Cash and cash equivalents	2,065,648
Trade and other payables	(936,259)
Net assets disposed of	12,395,565
Loss on disposal of a subsidiary:	
Consideration received and receivable	8,300,000
Net assets disposed of	(12,395,565)
	(4,095,565)
Net cash outflow arising on disposal:	
Cash consideration received	2,000,000
Less: bank balances and cash disposed of	(2,065,648)
	(65,648)

Note: The deferred consideration will be settled in cash by the purchaser on 29 April 2023, which is the first anniversary of the completion date. The management of the Group considers the fair value of deferred consideration is approximately to HK\$6,300,000 as at 31 December 2022.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



27. DISPOSAL OF SUBSIDIARIES (Continued)

The impact of Yummy Network on the Group's results and cash flows in the current and prior periods is disclosed in note 11 and consolidated statement of cash flows respectively.

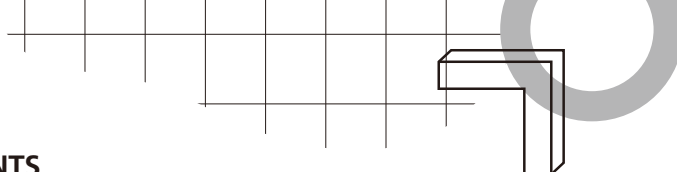
On 19 May 2022, the Company entered into a sales and purchase agreement with an independent third party to dispose of 100% equity interest in WS Group Limited and its subsidiary ("WS Group") at a total consideration of HK\$20,110. The disposal was completed on the same date. WS Group is engaged in investment holdings. The net liabilities of WS Group at the date of disposal were as follows:

	19 May 2022
	HK\$
Analysis of assets and liabilities over which control was lost:	
Trade and other payables	(8,255)
Net liabilities disposed of	(8,255)
Gain on disposal of a subsidiary:	
Consideration received	20,110
Net liabilities disposed of	8,255
Reclassification of cumulative exchange reserve upon disposal of WS Group to profit or loss	198
	28,563
Net cash inflow arising on disposal:	
Cash consideration received	20,110
Less: bank balances and cash disposed of	–
	20,110



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



28. SHARE CAPITAL

	2023		2022	
	Number of shares	HK\$	Number of shares	HK\$
<i>Authorised ordinary shares at HK\$0.01 per share</i>				
At 1 January and 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	864,000,000	8,640,000	820,000,000	8,200,000
Issue of shares under the placing (Note)	–	–	44,000,000	440,000
At 31 December	864,000,000	8,640,000	864,000,000	8,640,000

Note: On 21 March 2022, the Company issued 44,000,000 ordinary shares under general mandate through placement. The aggregate gross proceeds from the placing were HK\$3,960,000 and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the placing was HK\$3,773,843. The share capital has increased by HK\$440,000, while HK\$3,333,843 were credited to share premium.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



29. OPERATING LEASE COMMITMENTS

The Group as a lessor

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

	As at 31 December	
	2023	2022
	HK\$	HK\$
Within one year	562,692	671,154

30. 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 2023 and 2022.

The capital structure of the Group consists of debts, which includes bank borrowings, bank overdrafts, obligations under finance leases and lease liabilities as disclosed in notes 23, 21, 24 and 25, respectively, net of bank balances and cash, and equity.

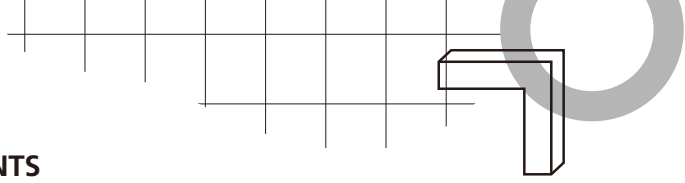
The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the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

The only externally imposed capital requirement for the Group is that to maintain its listing on Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the year ended 31 December 2023.

31. 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 2023, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is HK\$407,187 (2022: HK\$369,166), which represent contributions payable to the scheme by the Group at rates specified in the rules of the schemes.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. 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.

33. 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 total number of shares issued and to be issued upon the exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

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 2023 and no share options were outstanding as at 31 December 2023.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

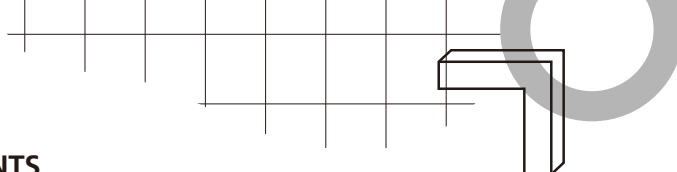
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of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

	Bank overdraft interest payable	Borrowings	Obligation under finance leases	Lease liabilities	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2022	–	10,494,712	17,806,011	954,046	29,254,769
Interest paid	(146,200)	(540,378)	(653,666)	(41,282)	(1,381,526)
Repayment of borrowings	–	(2,743,061)	–	–	(2,743,061)
Repayment of obligations under finance leases	–	–	(7,650,559)	–	(7,650,559)
Repayment of lease liabilities	–	–	–	(496,222)	(496,222)
Interest expenses	146,200	540,378	653,666	41,282	1,381,526
At 31 December 2022 and 1 January 2023	–	7,751,651	10,155,452	457,824	18,364,927
Interest paid	(69,527)	(390,666)	(315,470)	(14,677)	(790,340)
Repayment of borrowings	–	(5,267,856)	–	–	(5,267,856)
Repayment of obligations under finance leases	–	–	(7,738,057)	–	(7,738,057)
Repayment of lease liabilities	–	–	–	(472,191)	(472,191)
Interest expenses	69,527	390,666	315,470	14,677	790,340
Addition to lease liabilities	–	–	–	925,542	925,542
At 31 December 2023	–	2,483,795	2,417,395	911,175	5,812,365



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



35. PARTICULARS OF SUBSIDIARIES/INVESTMENT IN SUBSIDIARIES

	2023 HK\$	2022 HK\$
Unlisted shares, at cost less provision	–	–

At 31 December 2023 and 2022, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place/country of incorporation	Nominal value of issued capital/ Registered capital	Equity interest attributable to the Company				Principal activities and place of operation
			Directly		Indirectly		
			2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	
New Pilot Global Limited	BVI	US\$10	100	100	–	–	Investment holding, HK
World Super Limited	HK	HK\$5,500,000	–	–	100	100	Hire and trading of machinery and transportation and provision of service, HK
World Super Capital Limited	HK	HK\$10,000	100	100	–	–	Money lending business, HK
Richmax Construction Engineering Limited	HK	HK\$1	100	100	–	–	Provision of construction works, which included foundation works and ancillary services, HK
Rise Mind Limited	HK	HK\$1	100	100	–	–	Investment holding, HK
Success Dragon Holdings Limited	HK	HK\$1	100	100	–	–	Investment holding, HK
Max Super Holdings Limited	HK	HK\$1	100	–	–	–	Inactive, HK



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2023 HK\$	2022 HK\$
Non-current asset			
Investments in subsidiaries	35	–	–
Current assets			
Amounts due from subsidiaries		7,073,405	9,231,359
Prepayments and other receivables		167,662	6,561,206
Bank and cash balances		3,121,943	9,230,425
		10,363,010	25,022,990
Current liabilities			
Other payables		2,609,085	1,079,298
Amount due to a subsidiary		9,793,331	–
		12,402,416	1,079,298
Net current (liabilities)/assets		(2,039,406)	23,943,692
Total assets less current liabilities		(2,039,406)	23,943,692
Net (liabilities)/assets		(2,039,406)	23,943,692
Capital and reserves			
Share capital	28	8,640,000	8,640,000
Share premium	37	116,157,637	116,157,637
Accumulated losses	37	(123,537,043)	(100,853,945)
(Capital deficit)/total equity		(2,039,406)	23,943,692

Approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

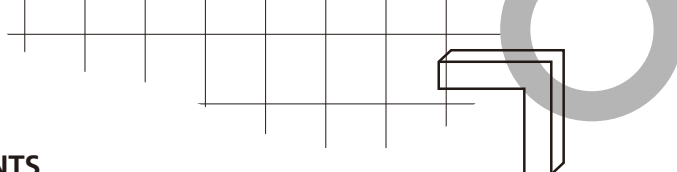
Zhang Wei
DIRECTOR

Lin Dongsheng
DIRECTOR



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



37. COMPANY'S STATEMENTS OF CHANGES IN EQUITY

The followings are the movements of the Company's equity for the years ended 31 December 2023 and 2022:

	Issued capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2022	8,200,000	112,823,794	(62,060,600)	58,963,194
Issue of shares by share placing (Note 28)	440,000	3,520,000	–	3,960,000
Transaction costs directly attributable to issue of shares upon placing	–	(186,157)	–	(186,157)
Loss for the year	–	–	(38,793,345)	(38,793,345)
At 31 December 2022 and 1 January 2023	8,640,000	116,157,637	(100,853,945)	23,943,692
Loss for the year	–	–	(25,983,098)	(25,983,098)
At 31 December 2023	8,640,000	116,157,637	(126,837,043)	(2,039,406)

38. PLEDGED OF ASSETS

The Group's borrowings, bank overdrafts and obligations under finance leases had been secured by the pledge of the Group's assets and the carrying values of the respective assets are as follows:

	As at 31 December	
	2023	2022
	HK\$	HK\$
Plant and equipment-owned plant and machinery	4,376,864	13,730,991
Plant and equipment-leased plant and machinery	6,412,462	17,267,300
Pledged bank deposits	1,514,257	2,923,146
	12,303,583	33,921,437