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WORLD SUPER HOLDINGS LIMITED

維亮控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8612)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF THE GEM OF 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.

*This announcement, for which the directors (the “**Directors**”) of World Super Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>NOTES</i>	Year ended 31 December	
		2020	2019
		<i>HK\$</i>	<i>HK\$</i>
Revenue	3	66,029,438	45,898,633
Cost of sales and services		(48,719,034)	(21,190,036)
Gross profit		17,310,404	24,708,597
Net other (expenses)/income	4	(453,916)	471,442
Other operating expenses		(6,120,594)	(2,583,115)
Administrative expenses		(22,448,778)	(13,979,584)
Selling and distribution expenses		(1,440,659)	(1,481,933)
Finance costs	5	(1,616,599)	(3,004,031)
(Loss)/profit before taxation		(14,770,142)	4,131,376
Income tax credit/(expense)	6	17,838	(1,996,564)
(Loss)/profit and total comprehensive (expenses)/income for the year attributable to owners of the Company	7	(14,752,304)	2,134,812
(Loss)/earnings per share (HK cents per share)			
Basic	9	(2.27)	0.41
Diluted	9	(2.27)	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 December	
<i>NOTES</i>	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Non-current Assets		
Plant and equipment	139,312,891	126,299,871
Right of use assets	536,005	1,354,343
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	139,848,896	127,654,214
	<hr/>	<hr/>
Current Assets		
Inventories	1,260,065	1,149,505
Trade and other receivables	<i>10</i> 35,185,589	16,347,721
Pledged bank deposits	2,921,466	2,915,421
Bank balances and cash	2,337,060	25,910,589
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	41,704,180	46,323,236
	<hr/>	<hr/>
Current Liabilities		
Trade and other payables	<i>11</i> 9,032,619	4,379,507
Bank borrowings — due within one year	10,000,000	5,594,214
Obligations under finance leases		
— due within one year	22,362,358	22,420,730
Bank overdrafts	7,214,217	—
Lease liabilities		
— current portion	549,373	814,707
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	49,158,567	33,209,158
	<hr/>	<hr/>
Net Current (Liabilities)/Assets	(7,454,387)	13,114,078
	<hr/>	<hr/>
Total Assets less Current Liabilities	132,394,509	140,768,292
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	Year ended 31 December	
	2020	2019
<i>NOTES</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current Liabilities		
Obligations under finance leases		
— due after one year	7,843	99,864
Deferred tax liabilities	8,991,726	9,009,564
Lease liabilities		
— non-current portion	—	549,373
	<u>8,999,569</u>	<u>9,658,801</u>
Net Assets	<u>123,394,940</u>	<u>131,109,491</u>
Capital and Reserves		
Share capital	7,200,000	6,000,000
Reserves	116,194,940	125,109,491
	<u>123,394,940</u>	<u>131,109,491</u>
Total Equity	<u>123,394,940</u>	<u>131,109,491</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Notes:

- (i) Merger reserve represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of World Super Limited, a subsidiary which was acquired by the Company pursuant to the Group Reorganisation (as defined in the prospectus of the Company dated 27 June 2019).
 - (ii) The convertible bonds equity reserve represents the equity component of convertible bonds issued by the Company. Items included in the convertible bonds equity reserve will not be reclassified subsequently to profit or loss.
 - (iii) On 6 August 2020, the Company issued 120,000,000 ordinary shares under general mandate through placing. The aggregate gross proceeds from the placing was HK\$7,320,000 and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the placing was HK\$7,037,753. The share capital has increased by HK\$1,200,000, while HK\$5,837,753 was credited to share premium.
- * Issued capital for an amount of less than HK\$1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL AND BASIS OF PREPARATION

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

Going concern

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

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

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

³ Effective date to be determined.

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

Segment revenue and results

For the year ended 31 December 2020:

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

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

For the year ended 31 December 2019:

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

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

Geographical information

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

Revenue

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

Non-current assets

	As at 31 December	
	2020	2019
	HK\$	HK\$
Hong Kong	<u>139,848,896</u>	<u>127,654,214</u>

Information about major customers

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

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

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

4. NET OTHER (EXPENSES)/INCOME

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

5. FINANCE COSTS

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

6. INCOME TAX (CREDIT)/EXPENSE

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

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

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

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

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

7. (LOSS)/PROFIT FOR THE YEAR

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

8. DIVIDEND

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

9. (LOSS)/EARNINGS PER SHARE

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

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

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

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

10. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables:

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

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

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

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

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

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

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 customer. ECL on all trade receivables are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings. Allowance for ECL amounting to HK\$7,490,995 has been recognised for the year (2019: HK\$Nil).

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

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

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

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

The movements in the allowance for ECL on trade receivables:

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

11. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables:

	As at 31 December	
	2020	2019
	HK\$	HK\$
Trade payables	5,791,279	2,800,072
Contract liabilities (<i>Note i</i>)	16,054	300,000
Accrued expenses	3,215,286	1,264,437
Deposits and temporary receipts	10,000	14,998
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	9,032,619	4,379,507
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Payment terms granted by suppliers are 0-30 days from the invoice date of the relevant purchases. The Group has liquidity risk management in place to ensure that all payables are settled within the credit timeframe.

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

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

Note i:

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

Revenue recognised in relation to contract liabilities are as follows:

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

12. EVENT AFTER REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE PERFORMANCE

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

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

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

BUSINESS REVIEW

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

Plant hire

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

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

General sales from trading of machinery, tools and parts

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

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

Provision of transportation and other services

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

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

Foundation works and ancillary services

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

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

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

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

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

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

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

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

Money Lending

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

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

Prospects

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

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

FINANCIAL OVERVIEW

Revenue

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

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

Cost of sales and services

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

Gross Profit and Gross Profit Margin

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

Net other (Expenses)/Income

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

Finance Costs

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

Administrative Expenses

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

Taxation

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

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

Loss for the Year

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

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

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

As at 31 December 2020, 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 2020 was approximately 32.5% (2019: approximately 22.5%).

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

Trade Receivable Turnover Days

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

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitment can meet its funding requirements.

SIGNIFICANT INVESTMENTS HELD

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

PLEDGE OF ASSETS

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

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

RISK MANAGEMENT

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

Operational risk management

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

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

Credit risk management

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

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

Market risk management

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

Foreign exchange risk

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

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES AND REMUNERATION POLICIES

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

USE OF PROCEEDS

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

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

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

Note

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

Use of Net Proceeds Raised by Placing Dated 6 August 2020

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

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

EVENT AFTER THE REPORTING PERIOD

Details of the event after the reporting period are disclosed in note 12 to the consolidated financial statements in this announcement.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: HK\$Nil).

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on this preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This result announcement is published on the websites of the Stock Exchange (<http://www.hkgem.com>) and the Company (www.worldsuperhk.com). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

CLOSURE OF REGISTER OF MEMBERS

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

By Order of the Board
World Super Holdings Limited
Sou Peng Kan Albert
Chairman and executive Director

Hong Kong, 25 March 2021

As at the date of this announcement, the Board comprises Mr. Sou Peng Kan Albert, Mr. Fok Hei Yuen Paul and Mr. Lau Lawrence Tak Sun as executive Directors; and Mr. Lee Tak Fai Thomas, Mr. Yau Lut Pong Leo and Mr. Yue Wai Leung Stan as independent non-executive Directors.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted and remains on the website of the Company at www.worldsuperhk.com.