

# WORLD SUPER HOLDINGS LIMITED

## 維亮控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8612



2021  
ANNUAL REPORT



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

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

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

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## BOARD OF DIRECTORS

### *Executive Directors*

SOU Peng Kan Albert (*Chairman*)  
FOK Hei Yuen Paul  
LAU Lawrence Tak Sun

### *Independent Non-executive Directors*

CHIM Tak Lai (appointed on 23 February 2022)  
LEE Tak Fai Thomas  
YAU Lut Pong Leo (resigned on 14 February 2022)  
YUE Wai Leung Stan

## COMPLIANCE OFFICER

SOU Peng Kan Albert

## COMPLIANCE ADVISER

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

## AUTHORISED REPRESENTATIVES

SOU Peng Kan Albert  
MAK Wai Kit

## COMPANY SECRETARY

MAK Wai Kit

## AUDIT COMMITTEE

LEE Tak Fai Thomas (*Chairman*)  
CHIM Tak Lai (appointed on 23 February 2022)  
YAU Lut Pong Leo (resigned on 14 February 2022)  
YUE Wai Leung Stan

## REMUNERATION COMMITTEE

CHIM Tak Lai (*Chairman*) (appointed on 23 February 2022)  
SOU Peng Kan Albert  
FOK Hei Yuen Paul  
LEE Tak Fai Thomas  
YAU Lut Pong Leo (resigned on 14 February 2022)  
YUE Wai Leung Stan

## NOMINATION COMMITTEE

SOU Peng Kan Albert (*Chairman*)  
CHIM Tak Lai (appointed on 23 February 2022)  
LEE Tak Fai Thomas  
YAU Lut Pong Leo (resigned on 14 February 2022)  
YUE Wai Leung Stan

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## AUDITOR

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

## PRINCIPAL BANKER

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

## REGISTERED OFFICE

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



## **CORPORATE INFORMATION**

### **COMPANY WEBSITE**

[www.worldsuperhk.com](http://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 2021

RESULTS	Year ended 31 December				
	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Revenue	<b>167,933,418</b>	66,029,438	45,898,633	43,781,015	38,363,829
Gross profit	<b>18,171,799</b>	17,310,404	24,708,597	25,268,754	20,670,472
(Loss)/profit for the year	<b>(31,863,369)</b>	(14,752,304)	2,134,812	8,026,120	(679,240)
(Loss)/profit for the year (excluding listing expenses and gain or loss on disposal of plant and equipment)	<b>(30,768,925)</b>	(14,200,253)	7,038,435	9,344,376	3,482,153
SUMMARY OF ASSETS AND LIABILITIES	As at 31 December				
	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Total assets	<b>153,925,994</b>	181,553,076	173,977,450	125,792,738	100,501,973
Total liabilities	<b>47,764,725</b>	58,158,136	42,867,959	86,810,330	72,545,685
Net assets	<b>106,161,269</b>	123,394,940	131,109,491	38,982,408	27,956,288



## 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 2021 to our shareholders and investors.

The Group recorded total revenue of approximately HK\$167.9 million for the year ended 31 December 2021, representing an increase of approximately 154.3% or HK\$101.9 million from approximately HK\$66.0 million for the year ended 31 December 2020. The Group's net loss increased from approximately HK\$14.8 million for the year ended 31 December 2020 to approximately HK\$ 31.9 million for the year ended 31 December 2021, which was mainly due to (i) the increment in impairment losses on plant and equipment of approximately HK\$17.5 million; and (ii) the increment of allowance for expected credit losses ("ECL") on trade receivables of approximately HK\$1.8 million.

The coronavirus pandemic continues to ravage in different countries/regions, the business activities of the Group's customers and overseas suppliers have been disrupted. The Group will continue to respond to the changing market environment. The Group also pays close attention to explore any suitable business opportunity in the market, so as to maximize return for our shareholders and investors.

I would like to take this opportunity to express my gratitude for the support from our business partners and customers over the years. I also would like to thank our dedicated management and staff to their contributions to the Group.

**Sou Peng Kan Albert**

*Chairman and Executive Director*

Hong Kong, 24 March 2022



## FINANCE PERFORMANCE

The Group recorded total revenue of approximately HK\$167.9 million for the year ended 31 December 2021, representing an increase of approximately 154.3% or HK\$101.9 million from approximately HK\$66.0 million for the year ended 31 December 2020. The total gross profit of the Group was approximately HK\$18.2 million for the year ended 31 December 2021, representing an increase of approximately 5.0% or HK\$0.9 million from approximately HK\$17.3 million for the year ended 31 December 2020. The gross profit margin decreased to approximately 10.8% for the year ended 31 December 2021.

The Group's net loss increased from approximately HK\$14.8 million for the year ended 31 December 2020 to approximately HK\$31.9 million for the year ended 31 December 2021, which was mainly due to (i) the increment in impairment losses on plant and equipment of approximately HK\$17.5 million; and (ii) the increment of allowance for ECL on trade receivables of approximately HK\$1.8 million.

Loss per share of the Group for the year ended 31 December 2021 was approximately HK4.39 cents. The Directors do not recommend payment of a final dividend for the year ended 31 December 2021.

## 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; 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\$33.1 million for the year ended 31 December 2020 to approximately HK\$30.1 million for the year ended 31 December 2021. The decrease was due to the decrease in plant hire income from sub-leasing of machinery of approximately HK8.3 million, the impact is partly set off by the increase in plant hire income from owned rental fleet of approximately HK\$5.3 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

### General sales from trading of machinery, tools and parts

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

The general sales decreased from approximately HK\$18.2 million for the year ended 31 December 2020 to approximately HK\$0.2 million for the year ended 31 December 2021. The decrease was mainly due to the decrease 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 decreased from approximately HK\$3.1 million for the year ended 31 December 2020 to approximately HK\$0.1 million for the year ended 31 December 2021. The decrease was mainly due to less transportation service provided 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 bored piling works.

During the year ended 31 December 2021, no revenue was generated from the foundation works and ancillary services business (2020: 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.

During the year ended 31 December 2021, the revenue generated from this segment was approximately HK\$137.6 million (2020: HK\$11.6 million).

Having considered the unsatisfactory financial performance of the Yummy Network, the Group entered into a disposal agreement dated 18 March 2022 to dispose all the equity interest in Yummy Network (the “Disposal”). The Board considers that the Disposal is a good opportunity for the Group to realise its investment and can focus on other profit making segments, and is of the view that the Disposal is fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole. For details, please refer to the announcement published by the Company on 18 March 2022.

### 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 2021, no revenue generated from the money lending business (2020: HK\$0.1 million).

### Prospects

Looking forward to 2022, the Group will continue to respond to the changing market environment, and pay close attention to explore any suitable business opportunity in the market, so as to maximize return for our shareholders and investors.

## 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\$66.0 million for the year ended 31 December 2020 to approximately HK\$167.9 million for the year ended 31 December 2021, representing an increase of approximately 154.3% which mainly due to the increase in general sales from trading of electronic and household products. The Group established this segment since August 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 2021, the Group’s cost of sales and services amounted to approximately HK\$149.8 million (2020: approximately HK\$48.7 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 electronic and household products.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

The gross profit and gross profit margin of the Group were approximately HK\$18.2 million and approximately 10.8% for the year ended 31 December 2021, respectively.

### Net other Expenses

Net other expenses mainly represent the loss on disposal of plant and equipment, bank interest income and net exchange gain/(loss). The Group's net other expenses increased to approximately HK\$1.0 million for the year ended 31 December 2021 from approximately HK\$0.5 million for the year ended 31 December 2020, which was mainly due to the increase in the loss on disposal of plant and equipment to approximately HK\$1.1 million for the year ended 31 December 2021 from approximately HK\$0.6 million for the year ended 31 December 2020.

### Finance Costs

Finance costs of the Group amounted to approximately HK\$1.8 million for the year ended 31 December 2021 (2020: approximately HK\$1.6 million). The increase in finance costs was mainly due to the increase in interest incurred on the new bank borrowing during the year ended 31 December 2021.

### 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 2021, the Group's administrative expenses amounted to approximately HK\$17.1 million (2020: approximately HK\$15.0 million). The increment is mainly due to the increase in (i) the short term operating lease rentals in respects of rental premises; and (ii) the staff cost.

### Taxation

The Group's income tax credit increased to approximately HK\$2.5 million for the year ended 31 December 2021 from approximately HK\$18,000 for the year ended 31 December 2020, the change was mainly because of the decreased in the timing difference in relation to the accelerated depreciation during the year ended 31 December 2021.

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

### Loss for the Year

The Group's net loss increased from approximately HK\$14.8 million for the year ended 31 December 2020 to approximately HK\$31.9 million for the year ended 31 December 2021, which was mainly due to (i) the increment in impairment losses on plant and equipment of approximately HK\$17.5 million; and (ii) the increment of allowance for ECL on trade receivables of approximately HK\$1.8 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 22 November 2021, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 100,000,000 new ordinary shares of HK\$0.01 each at the placing price of HK\$0.15 per share by way of placing to not less than six independent places (the "2021 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\$0.176 per share.

On 10 December 2021, the 2021 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK\$14.6 million and used for general working capital of the Group.

As at 31 December 2021, the Group had bank balances and cash of approximately HK\$14.3 million (2020: approximately HK\$2.3 million) and pledged bank deposits of approximately HK\$2.9 million (2020: approximately HK\$2.9 million). The increase was mainly due to the proceeds from the 2021 Placement.

The interest-bearing loans of the Group as at 31 December 2021 was approximately HK\$35.3 million (2020: approximately HK\$40.1 million).

The scheduled repayment date of the Group's bank borrowings and obligation under finance lease amounting to approximately HK\$28.3 million (2020: HK\$32.4 million), as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2021	2020
	HK\$	HK\$
Within 1 year	<b>11,409,339</b>	17,229,333
Between 1 and 2 years	<b>9,804,317</b>	7,045,320
Between 2 and 5 years	<b>7,087,067</b>	8,095,548
<b>Total</b>	<b>28,300,723</b>	32,370,201

As at 31 December 2021 and 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 2021 was approximately 33.2% (2020: approximately 32.5%).

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Trade Receivable Turnover Days

The trade receivable and trade receivables turnover days decrease from approximately HK\$34.3 million and approximately 137 days for the year ended 31 December 2020 to approximately HK\$25.2 million and approximately 64.5 days for the year ended 31 December 2021 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 2021, 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\$49.8 million and HK\$37.8 million; motor vehicles with an aggregate net book value of approximately HK\$0.1 million and HK\$0.2 million and trade receivable with carrying amounts of approximately HK\$Nil and HK\$19.5 million as at 31 December 2021 and 2020, respectively, were pledged under finance leases and bank borrowings.

As at 31 December 2021, the Group has pledged bank deposit of approximately HK\$2.9 million (2020: 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 2021, the Group did not have any significant capital commitments (2020: HK\$Nil).

**CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have material contingent liabilities (2020: HK\$Nil).

**FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 31 December 2021, the Group did not have the plans for material investments and capital assets acquisition.

**MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 December 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 18 full-time employees (not including our Directors) and 2 part-time employees (2020: 24 full-time employees and 4 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 2021 and 2020 amounted to approximately HK\$14.8 million and HK\$11.2 million respectively. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences. The Company has adopted a share option scheme to reward the eligible participants for their contribution to the Group. The Group also provides internal training to our staff.

## USE OF PROCEEDS

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

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 12 July 2019 (the "Listing"). The net proceeds, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, from the Share Offer (as defined in the prospectus of the Company date 27 June 2019 (the "Prospectus")) received by the Company was approximately HK\$55.3 million and the net proceeds was fully utilised on or before 31 December 2021.

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

## Use of Net Proceeds Raised by Placing Dated 10 December 2021

Due to the outbreak of the coronavirus pandemic, many countries/regions have imposed varying degrees of travel restrictions. As a result, our certain customers' business activities outside Hong Kong have been disrupted, leading to delays in their payments of the Group's trade receivables. This has impacted the Group's operating cash flow. The Directors consider that the placing can improve the cash position of the Group.

On 10 December 2021, the Company issued 100,000,000 ordinary shares (the "Placing Share(s)") at an issue price of HK\$0.15 per share to not less than six placees who and whose ultimate beneficial owners are independent third parties. As a result, the Company received net proceeds of approximately HK\$14.6 million after deduction of related costs and expenses. The net placing price is approximately HK\$0.1458 per Placing Share and the aggregate nominal value of the Placing Shares is HK\$1,000,000. Such proceeds will be used as general working capital. The market price of the Placing Shares was HK0.1760 per share as quoted on the Stock Exchange on 22 November 2021, the date when the terms of the placing agreement were fixed. As at 31 December 2021, approximately HK\$1.2 million, or approximately 8.2%, of the net proceeds from the Placing Shares have been utilised. The Company intends to utilise such proceeds for general working capital purposes. Details of the Placing Shares are set out in the Company's announcements dated 22 November 2021 and 10 December 2021.

## EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are disclosed in note 34 to the consolidated financial statements.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. SOU Peng Kan Albert** (former name: So Ping Kan) (蘇秉根) (“Mr. Sou”), aged 69, is our executive Director, our Chairman, our Chief Executive Officer and one of our controlling shareholders. Mr. Sou joined our Group when he became a director of World Super Limited upon its incorporation in July 1997. He was appointed as our Director on 26 February 2016 and was redesignated as an executive Director on 26 April 2017. He is primarily responsible for overseeing management and strategic planning and development of our Group’s business operations. Mr. Sou has over 30 years of experience in the construction machinery rental and construction equipment trading industry. Mr. Sou completed his secondary education at Colegio Diocesano de Sao Jose 2nd & 3rd Branch in Macau in 1967.

**Mr. FOK Hei Yuen Paul** (霍熙元) (“Mr. Fok”), aged 74, joined our Group as a director of World Super Limited on 23 July 1997. Mr. Fok was appointed as our executive Director on 26 April 2017. He is primarily responsible for overseeing our Group’s operation and finance. Mr. Fok had over 45 years of working experience in audit and accounting.

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

**Mr. LAU Lawrence Tak Sun** (劉德生) (“Mr. Lau”), age 42, 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.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHIM Tak Lai (詹德禮)** (“Mr. Chim”), aged 39, 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.

**Mr. LEE Tak Fai Thomas (李德輝)** (“Mr. Lee”), aged 55, was appointed as our independent non-executive Director on 21 June 2019. Mr. Lee has over 25 years of experience in the audit and accounting field, specialising in assurance services of listed companies, merger and acquisition, tax planning and management consultancy.

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

**Mr. Yue Wai Leung Stan (余偉亮)** (“Mr. Yue”), aged 61, was appointed as our independent non-executive Director on 21 June 2019. He has over 20 years of experience in the finance and administrative sectors in both private and public companies in Hong Kong and the PRC.

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

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

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



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Mr. KAN Walter (簡偉德)** (“Mr. Kan”), aged 52, is our Chief Operating Officer and is primarily responsible for overall management of our business operations and development. Mr. Kan joined our Group as sales engineer in January 2002. He has over 18 years of working experience in the construction machinery rental and construction equipment trading industry. Mr. Kan obtained a diploma in computer engineering technology from Seneca College of Applied Arts and Technology, Canada in December 1997.

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

**Mr. MAK Wai Kit (麥偉杰)** (“Mr. Mak”), aged 42, is the financial controller, company secretary and authorised representative of the Company and is primarily responsible for overseeing our Group’s operation and finance. He joined our Group as financial controller and was appointed as our company secretary in April 2018.

He has over 18 years of working experience in accounting and auditing fields. Prior to joining our Group, Mr. Mak has held directorship and senior management position in the following listed company in Hong Kong:

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

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

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

### CHANGE IN DIRECTORS’ INFORMATION

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

## BUSINESS MODEL AND STRATEGY

The Group's mission is to establish a strong presence in the construction industry with its successful experience in the construction machinery rental and trading business with a view to a long term profitability and assets growth. This will be achieved by way of adoption of flexible business model and proactive business strategies. More details of the Group's business development and performance and financial review for the year 2021 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. The Directors of the Company consider that the Company has applied and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2021 and up to the date of this report except for Code Provision A.2.1 and E.1.5 as disclosed below, and GEM Listing Rules 5.05(1), 5.28 and 5.34 disclosed below.

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.

Following the resignation of Mr. Yau Lut Pong Leo as independent non-executive Director on 14 February 2022, (i) the number of the independent non-executive Directors and the Audit Committee members fell below the minimum number required under Rules 5.05(1) and 5.28 respectively of the GEM Listing Rules; and (ii) the Remuneration Committee does not comprise of a majority of independent non-executive Directors and position of chairman of the Remuneration Committee is vacant under Rule 5.34 of the GEM Listing Rules. The Company has appointed Mr. Chim Tak Lai as the independent non-executive Director on 23 February 2022. The Company has complied with the above requirements of the GEM Listing Rules after the appointment.

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 2021.



### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

### BOARD OF DIRECTORS

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

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

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

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

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

The Board's present composition is as follows:

#### Executive Directors

SOU Peng Kan Albert (*Chairman*)

FOK Hei Yuen Paul

LAU Lawrence Tak Sun

#### Independent Non-executive Directors

CHIM Tak Lai (appointed on 23 February 2022)

LEE Tak Fai Thomas

YAU Lut Pong Leo (resigned on 14 February 2022)

YUE Wai Leung Stan



## ROLE AND FUNCTION OF THE BOARD AND THE MANAGEMENT

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

## BOARD DIVERSITY

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

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

Our Board comprises six members, including three executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences from construction machinery rental, construction equipment trading, finance, administration, auditing and accounting fields. Furthermore, the ages of our Directors' age range from 39 to 74 years old. While we recognise that gender diversity at the Board level can be improved given its current composition of all-male Directors, our principle of Directors' appointments will continue to be primarily based on merits with reference to our Board Diversity Policy as a whole. Despite the construction machinery industry has been a male-dominant industry, our Company will strive to enhance gender diversity at the Board level in recognising the particular importance of gender diversity. We will commit to look for suitable female candidates to join our Group and to provide career development and training opportunities to our female staff such that they will be eligible for managerial and board-level positions in future.

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

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



### DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the year ended 31 December 2021, the Board held seven board meetings and the attendance of each director is set out as follows:

	Number of Board meetings Attended/Held
<b>Executive Directors</b>	
SOU Peng Kan Albert ( <i>Chairman</i> )	6/7
FOK Hei Yuen Paul	6/7
LAU Lawrence Tak Sun	7/7
<b>Independent Non-executive Directors</b>	
CHIM Tak Lai (appointed on 23 February 2022)	N/A
LEE Tak Fai Thomas	7/7
YAU Lut Pong Leo (resigned on 14 February 2022)	7/7
YUE Wai Leung Stan	6/7

### APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Director has entered into a service contract with the Company with an initial term of three years commencing on 21 June 2019 for Mr. Sou Peng Kan Albert and Mr. Fok Hei Yuen Paul and 30 December 2020 for Mr. Lau Lawrence Tak Sun subject to provisions contained therein. The independent non-executive Directors have entered into a service contract with the Company with an initial term of one year commencing on 1 July 2021 for Mr. Lee Tak Fai Thomas and Mr. Yue Wai Leung Stan and 23 February 2022 for Mr. Chim Tak Lai subject to provisions contained therein.

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

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. They have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contribution to the Company. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has three independent non-executive Directors, representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report. 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 2021, 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 2021 according to the records provided by Directors:

	<b>Updates on laws, rules &amp; regulations/ management and other professional skills and self-reading</b>
<b><i>Executive Directors</i></b>	
SOU Peng Kan Albert	✓
FOK Hei Yuen Paul	✓
LAU Lawrence Tak Sun	✓
<b><i>Independent Non-executive Directors</i></b>	
CHIM Tak Lai (appointed in 23 February 2022)	N/A
LEE Tak Fai Thomas	✓
YAU Lut Pong Leo (resigned on 14 February 2022)	✓
YUE Wai Leung Stan	✓



### AUDIT COMMITTEE

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

The Audit Committee currently consists of all three independent non-executive Directors, Mr. Chim Tak Lai, Mr. Lee Tak Fai Thomas 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 2021.

Four Audit Committee meetings were held during the year ended 31 December 2021. The attendance was as follows:

	<b>Number of meetings Attended/Held</b>
LEE Tak Fai Thomas ( <i>Chairman</i> )	4/4
CHIM Tak Lai (appointed in 23 February 2022)	N/A
YAU Lut Pong Leo (resigned on 14 February 2022)	4/4
YUE Wai Leung Stan	4/4

### REMUNERATION COMMITTEE

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

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

During the year ended 31 December 2021, one Remuneration Committee meeting was held. The attendance was as follow:

	Number of meetings Attended/Held
CHIM Tak Lai ( <i>Chairman</i> ) (appointed on 23 February 2022)	N/A
SOU Peng Kan Albert	1/1
FOK Hei Yuen Paul	1/1
LEE Tak Fai Thomas	1/1
YAU Lut Pong Leo (resigned on 14 February 2022)	1/1
YUE Wai Leung Stan	1/1

## NOMINATION COMMITTEE

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

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

During the year ended 31 December 2021, one Nomination Committee meeting was held. The attendance was as follows.

	Number of meetings Attended/Held
SOU Peng Kan Albert ( <i>Chairman</i> )	1/1
CHIM Tak Lai (appointed on 23 February 2022)	N/A
LEE Tak Fai Thomas	1/1
YAU Lut Pong Leo (resigned on 14 February 2022)	1/1
YUE Wai Leung Stan	1/1

## NOMINATION POLICY

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



## **CORPORATE GOVERNANCE FUNCTIONS**

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

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

## **FINANCIAL REPORTING**

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2021, 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 2021.

## **REMUNERATION OF SENIOR MANAGEMENT**

Pursuant to Code Provision B.1.5, the remuneration of the member(s) of senior management of the Group (excluding the Directors of the Company) for the year ended 31 December 2021 by band is as follows:

<b>Remuneration bands</b>	<b>Number of individual(s)</b>
HK\$0 to HK\$1,000,000	2

## **AUDITOR'S REMUNERATION**

The audit work of the Group for the year ended 31 December 2021 was performed by the Company's external auditor, Confucius International CPA Limited ("Confucius"). Confucius has been appointed as the external auditor of the Company by the Board on 12 November 2021.

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 Confucius is set out in the following table:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Audit services	<b>530</b>	520 <sup>(Note 1)</sup>

The amount of fee charged by the auditor generally depends on the scope and volume of the auditor's work. The external auditor did not provide any non-audit services to the Company for the two years ended 31 December 2021 and 2020.

Note:

- (1) The amount of fees paid to the Company's previous external auditor, HLM CPA Limited, for the year ended 31 December 2020.



## 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 2021, the Group did not have an internal audit function as required under code provision C.2.5 of the CG code. The Company has engaged an external independent internal control consultant to review the Group's risk management and internal control systems on annual basis. The Audit Committee reviewed the internal control review report issued by the external independent consultant on the Company's risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions in respect of the year ended 31 December 2021 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 decision. 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 ("Mr. Mak"), a financial controller, is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Mak is full-time employee of the Group. During the year, Mr. Mak undertook over 15 hours' professional training to update his skill and knowledge pursuant to Rule 5.15 of the GEM Listing Rules.

## SHAREHOLDERS' RIGHTS

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



### Right to Convene an Extraordinary General Meeting

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

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

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

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

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

### Right to Put Enquiries to the Board

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

### Right to Put Forward Proposals at General Meetings

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



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

## **INVESTOR RELATIONS**

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

## **CONSTITUTIONAL DOCUMENTS**

To comply with the GEM Listing Rules, the Company adopted the amended and restated Memorandum and Articles of Association of the Company on 21 June 2019 (the "Listing Date") and it took effect on the Listing Date. During the year ended 31 December 2021, there has been no change in the constitutional documents.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

World Super Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is an integrated machinery products rental services provider based in Hong Kong and provides services, covering (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; 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.

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 2021 (the “Year 2021”) 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”.

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 us to determine the factors that have material impacts on the Group’s sustainable growth and incorporated them in the development of its ESG strategies and targets. Our focus on ESG includes product quality and safety and anti-corruption, along with occupational health and safety.

In Year 2021, the Group set various ESG-related targets on relevant KPIs. The environmental targets were approved by the Board and the progress will be 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 periodically. 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.

**World Super Holdings Limited**  
**Sou Peng Kan Albert**  
*Chairman and Executive Director*



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG GOVERNANCE STRUCTURE

The Group considers ESG as part of the fiduciary duty and strives to embed ESG considerations into daily operation and management. The board of directors (the “Board”) holds the overall responsibility for the Group’s ESG strategy and reporting, as well as overseeing and managing its ESG-related issues. The Board discusses and reviews the Group’s ESG-related risks and opportunities, performance, progress, goals and targets regularly 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. Meetings are arranged regularly to discuss and review ESG-related issues including, but not limited to, the Group’s 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 assists 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 operation of the office in Hong Kong, which includes trading of electronic and household product, hire and trading of machinery and transportation, and provision of service and money lending business.

### 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 20 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of 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, the Group has applied these reporting principles in the aforementioned ESG Reporting Guide as the following:

**Materiality:** Materiality assessment was conducted to identify material issues during Year 2021, thereby adopting the confirmed material issues as the focus for the preparation of 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 “Materiality Assessment” for further details.

**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.

**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 previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. If there are any changes that may affect comparison with previous reports, the Group will add comments to the corresponding content of this ESG Report.



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 the year ended 31 December 2021, 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.

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

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 strategy, set targets and determine the focus of ESG report. Materiality assessment enables the Group to analyse business risks and opportunities, supporting the sustainable development of its business.

With the assistance of the Group’s representatives from business and functional departments and senior management, the Group identified the list of material ESG issues for the Group, 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 Year 2021. 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 compiled the materiality matrix. The results of the materiality assessment were reviewed and validated by the Group’s business and functional departments and management, and then approved by the Board.

Materiality Matrix

Importance to Stakeholders	High	<ul style="list-style-type: none"> <li>• Intellectual Property (“IP”) Rights</li> <li>• Employment Practices</li> <li>• Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Safety</li> <li>• Anti-corruption</li> <li>• Occupational Health and Safety</li> </ul>	
	Medium	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• Climate Change</li> <li>• Customer Engagement in Environmental Issues</li> </ul>	<ul style="list-style-type: none"> <li>• Air Emission</li> <li>• Greenhouse Gas (“GHG”) Emissions</li> <li>• Supply Chain Management</li> <li>• Customer Privacy Protection</li> </ul>	
	Low	<ul style="list-style-type: none"> <li>• Community Investment</li> <li>• Water Management</li> </ul>		
		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 performance by contacting us via: <http://www.worldsuperhk.com/en/contact-us>.

## A. ENVIRONMENTAL

The Group recognises that environmental protection is one of the great social concern matters. Apart from taking all reasonably practicable actions to ensure strict compliance with relevant statutory and contractual requirements, the Group takes different measures to manage and reduce its adverse environmental impacts, and has implemented an array of policies to manage its emissions and use of natural resources.

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

During Year 2021, 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 wastes that would have a significant impact on the Group, including, but not limited to, the Water Pollution Control Ordinance, the Air Pollution Control Ordinance, 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 Year 2021.

### A1. Emissions

#### *Exhaust gas emissions*

During Year 2021, air emission for nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and particulate matter ("PM") were mainly generated from the motor vehicles of the Group. Due to the Group's business nature, the use of vehicles and machinery is inevitable. Therefore, the Group has adopted the following preventive and corrective measures to control air emissions from such sources:

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

During the Year 2021, the Group generated approximately 98.58kg, 0.17kg, 5.24kg of NO<sub>x</sub>, SO<sub>x</sub> and PM respectively. Overall emissions are lower compared to last financial year.

### ***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 energy (Scope 2), and other indirect GHG emissions from paper disposed in landfills and electricity used for processing fresh water (Scope 3). During Year 2021, the Group has set target to reduce GHG emissions intensity (tCO<sub>2</sub>e per employee) by 3% by the year ended 31 December 2026 (the "Year 2026"), using Year 2021 as the baseline year. 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 Consumption" 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 Year 2021, the Group's total GHG emissions decreased by approximately 7.38% compared to last financial year. This was mainly due to the Group's effort in the implementation of the above measures mentioned.

The table below shows the key environmental performance indicators of GHG emission emitted by the Group's operation during Year 2021:

<b>Indicator<sup>1</sup></b>	<b>Unit</b>	<b>Year 2021</b>	<b>Year 2020</b>
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	30.06	31.47
— Petrol and diesel consumed			
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	12.36	13.56
— Purchased electricity			
Other indirect emissions (Scope 3)	tCO <sub>2</sub> e	0.01	0.78
— Paper disposed into landfills			
— Electricity used for processing fresh water			
<b>Total GHG emissions</b>	tCO <sub>2</sub> e	<b>42.43</b>	<b>45.81</b>
<b>Total GHG emissions intensity<sup>2</sup></b>	<b>tCO<sub>2</sub>e/ employee</b>	<b>2.12</b>	<b>1.64<sup>3</sup></b>

Note(s):

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, 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 II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the latest released emission factors of China's regional power grid basis, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the HK Electric Investments Sustainability Report 2020, and the CLP 2020 Sustainability Report.
2. Number of employees (not including the Group's Directors) as at 31 December 2021 was 20 (2020: 28). This data is also used on calculating other intensity data.
3. figures restated due to change in intensity base.

### ***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 wastes 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. During the Year 2021, the Group was not aware of material non-compliance with waste disposal-related laws and regulations, including but not limited to the Waste Disposal Ordinance (Cap. 354) of Hong Kong, that would have a significant impact on the Group's operation.

Since the Group's business operations do not involve significant waste management related risks, no relevant target is set during Year 2021.

#### *Hazardous Waste*

Hazardous wastes generated by the Group are mainly of oil residue. However, they were only generated in a relatively small amount, therefore they are considered as immaterial to the Group. Despite the Group has generated an insignificant number of hazardous wastes, the Group has put in place step-by-step instructions for handling oil residue and other types of wastes. 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 wastes are handled separately with other general wastes to ensure safety and prevent contamination or spillage.



### *Non-hazardous Waste*

The non-hazardous wastes generated by the Group are mainly general waste such as paper generated from office. Although the non-hazardous wastes generated from the Group's business operation are immaterial, 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 one-sided printed paper; and
- Place "Green Message" reminders on the office equipment.

During Year 2021, the Group disposed approximately 3.38kg of paper, with an intensity of approximately 0.17kg per employee.

## **A2. Use of Resources**

### ***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 Year 2021, the Group has set target to reduce the total energy consumption intensity (kWh per employee) by 3% by Year 2026, using Year 2021 as the baseline year. In order to achieve the set 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 SAR (the "HKSAR") when purchasing electrical appliances;
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees; and
- Switch off all idle appliances and unnecessary lightings upon leaving the service centres.

With the above energy conservation measures, the employee's awareness of energy conservation has been raised. During Year 2021, the Group's total direct energy consumption is approximately 113.51 kWh in '000s, including approximately 62.28 kWh in '000s from diesel and approximately 51.23 kWh in '000s from petrol. As for the Group's indirect energy consumption, which accounts only the approximately 23.41 kWh in '000s from purchased electricity. The total energy consumption and intensity were approximately 136.92 kWh in '000s and approximately 6.85 MWh per employee respectively.

**Water Management**

Water was mainly consumed for cleaning construction machinery the Group used for trading or hiring. 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 is set during Year 2021. Although the water consumed from the Group’s business operation is immaterial, 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 operation during Year 2021:

Indicator	Unit	Year 2021	Year 2020
Total water consumption	m <sup>3</sup>	105	111.00
<b>Total water consumption Intensity</b>	<b>m<sup>3</sup> per employee</b>	<b>5.25</b>	<b>3.96<sup>3</sup></b>

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

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

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



## A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has also incorporated climate risk into enterprise risk management ("ERM") to identify and mitigate different climate-related risks. The Board meets regularly and co-operates closely with key management to identify and evaluate climate-related risks and to formulate strategies to manage the identified risks.

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

### ***Climate-related Issues***

#### *Physical Risks*

The increased frequency and severity of extreme weather such as typhoons, storms, and floods caused by heavy rains may lead to disruptions to the Group's business operations, damaging the power grid, communication infrastructures, hindering and injuring its 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 our 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 licenses and qualifications in the construction equipment rental and sales industry may change from time to time, and we 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**

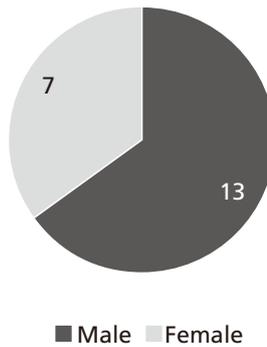
**B1. Employment**

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 protects employees’ occupational health and safety. By upholding this approach, the Group believes that it will boost employees’ sense of belonging and retain top talents.

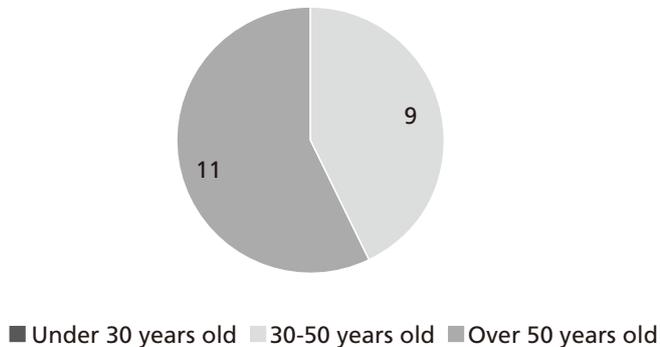
Relevant employment policies are formally documented in the Employee Handbook and Internal Control and Operations Manual, covering recruitment and promotion, compensation and dismissal, working hours, rest periods, other benefits and welfare, anti-discrimination as well as diversity and equal opportunities.

As at 31 December 2021, the Group employed 18 full-time employees and 2 part-time employees, the composition of the Group’s workforce categorised by gender, age group, employment category and geographical location are as follows:

Workforce by Gender

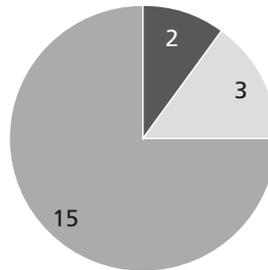


Workforce by Age Group



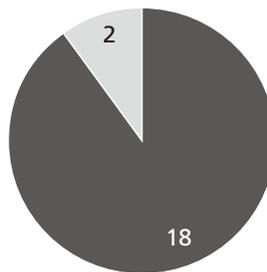


Workforce by Employment Category



■ Senior Level ■ Middle Level ■ Entry Level

Workforce by Geographical Region



■ Hong Kong ■ Philippines

During Year 2021, the Group's overall turnover rate was approximately 37.50%. The employee turnover rate by gender, age group and geographical region are as follows:

	Turnover Rate <sup>4</sup> (%)
<b>Gender</b>	
Male	37.50
Female	37.50
<b>Age Group</b>	
Under 30 years old	-
30-50 years old	64.00
Over 50 years old	9.09
<b>Geographical Region</b>	
Hong Kong	40.91
Philippines	-

Note:

- The employee turnover rate is calculated by dividing the number of employees leaving employment during Year 2021 by the average number of employees at the beginning and the end of Year 2021.

During Year 2021, 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 Year 2021.

### **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 their 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 a 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 keys of matters related to great social concern. Accordingly, the Group is committed to strictly comply with all applicable statutory requirements and contractual obligations, the Group 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, it has implemented the following measures:

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

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

There were no work-related fatalities that occurred in each of the past three years including Year 2021 and there were no records of lost days due to work injury during Year 2021.

In response to the ongoing outbreak of coronavirus disease 2019 (the “COVID-19”), the Group continues to implement the health and safety precautionary measures in pursuant to the local authority’s hygiene guidelines. The Group’s anti-COVID-19 measures include, but not limited to, measuring body temperature before entering to 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 encourages encouraged vaccination of its employees through offering incentives.

During Year 2021, the Group was no 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 Year 2021.

### 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 and 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 our 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 company and make them a better understanding to the systems and procedures followed by the Group.

In addition, during Year 2021, the Group arranged a training session on machinery operation for all its technical staff, covering safety measures in operations, maintenance and inspection of various machineries.

During Year 2021, the overall percentage of trained employee<sup>5</sup> and average training hours per employee<sup>6</sup> are 60.00% and 0.60 hours respectively. The relevant training data<sup>10</sup> by gender and employee category are as follows:

	Percentage of Trained Employee <sup>7</sup> (%)	Breakdown of Trained Employee <sup>8</sup> (%)	Average Training Hours <sup>9</sup> (hours)
<b>Gender</b>			
Male	61.54	66.67	0.62
Female	57.14	33.33	0.57
<b>Employment Category</b>			
Senior level	100.00	16.67	1.00
Middle level	100.00	25.00	1.00
Entry level	46.67	58.33	0.47

Note(s):

- The percentage of trained employee is calculated by dividing the total number of trained employees as at 31 December 2021 by the total number of employees as at 31 December 2021.
- The average training hours per employee is calculated by dividing the total number of training hours during Year 2021 by the total number of employees as at 31 December 2021.
- The percentage trained employee by category is calculated by dividing the number of trained employees in the specified category as at 31 December 2021 by the number of employees in the specified category as at 31 December 2021.
- The breakdown of trained employee by category is calculated by dividing the number of trained employees in the specified category as at 31 December 2021 by the total number of trained employees as at 31 December 2021.
- The average training hours by category is calculated by dividing the total number of training hours for employees in the specified category during Year 2021 by the number of employees in the specified category as at 31 December 2021.
- The data of training data excludes employees who have left the company during Year 2021.

## 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 to verify 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. Should violations occur, corrective actions will be taken by the Group immediately to rectify the situation, by terminating the contract with the corresponding employees and reporting to relevant governmental authorities if necessary.

During Year 2021, 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 Year 2021.

## 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 relevant practices relating to engaging suppliers and the requirement of environmental and social risk control to all suppliers has been implemented. The number of suppliers by geographic region is as follows:

<b>Region</b>	<b>Number of Suppliers</b>
Hong Kong	119
Macau	6
Mainland China	2
Germany	2
<b>Total</b>	<b>129</b>

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.

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 prioritises 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 impact of its supply chain on the environment.

During Year 2021, 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.

### **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 Year 2021, 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 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 Year 2021, the Group did not receive any material cases of product or service-related complaints, also the Group did not receive any material recall of products sold or shipped subjects to for safety and health reasons.

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



### ***Customer Privacy Protection***

During Year 2021, the Group has operated money-lending business in which the customers' money lending affairs has been treated as private and confidential. Collection, use, holding and erasure of customers' information have at all times complied with the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO"). They have also complied with any relevant codes of practice issued or approved by the Privacy Commissioner for Personal Data giving practical guidance on compliance with the PDPO.

The Group is not aware of any material non-compliance with the PDPO and other applicable laws and regulations that would have a significant impact relating to privacy matters in regard to products and services provided by the Group in Year 2021.

### ***Protection of Intellectual Property ("IP")***

The Group active seeks patent and designs protection for important innovations and designs. The Group actively 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 passed 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 as well as 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 Year 2021, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. 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, Cap. 201 Prevention of Bribery Ordinance of Hong Kong. In addition, there was no report of significant fines or sanctions as a result of non-compliance with the relevant laws and regulations in Year 2021.

During Year 2021, the Group arranged an anti-corruption training, representing the Group's willingness on promotion of working environment adhering to integrity, which is maintained to practice in the Group. During Year 2021, 5 directors and 12 staff have participated in the 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 fulfill 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 work hour and spare time.

Due to the COVID-19 pandemic, the Group has temporarily suspended the organisation of voluntary activities.



## REPORT OF THE DIRECTORS

The Directors hereby present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

### 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 31 to the consolidated financial statements.

### BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development and possible risks and uncertainties facing the Group are set out in the section headed "Statement from the Chairman" as well as the "Management Discussion and Analysis" of this annual report, respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" of this report. To the best knowledge and belief of the Directors, the Group's operation in Hong Kong and Macau has complied with the applicable laws and regulations in all material respects for the year ended 31 December 2021 to the date of this report. The Directors are of the view that the Company has maintained good relationship with its employees, customers, suppliers and bankers.

### ENVIRONMENTAL PROTECTION

For the year ended 31 December 2021, 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 2021 and the state of affairs of the Group as at 31 December 2021 are set out in the consolidated financial statements on pages 70 and 71 of this annual report respectively. The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

### SUMMARY OF FINANCIAL INFORMATION

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



## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 14 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2021 are set out in note 24 to the consolidated financial statements.

## DEBENTURES

The Company did not issue any debentures during the year ended 31 December 2021.

## RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2021 are set out in page 73 in this annual report and note 33 to the consolidated financial statements respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$50.8 million.

## PRE-EMPTIVE RIGHTS

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

## PERMITTED INDEMNITY

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

## CORPORATE GOVERNANCE

The Board is of the view that save and except for the deviation from code provision A.2.1 and E.1.5 of the CG Code and GEM Listing Rules 5.05(1), 5.28 and 5.34 disclosed below, the Company has met the code provisions set out in the CG Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

Following the resignation of Mr. Yau Lut Pong Leo as independent non-executive Director on 14 February 2022, (i) the number of the independent non-executive Directors and the Audit Committee members fell below the minimum number required under Rules 5.05(1) and 5.28 respectively of the GEM Listing Rules; and (ii) the Remuneration Committee does not comprise of a majority of independent non-executive Directors and position of chairman of the Remuneration Committee is vacant under Rule 5.34 of the GEM Listing Rules. The Company has appointed Mr. Chim Tak Lai as the independent non-executive Director on 23 February 2022. The Company has complied with the above requirements of the GEM Listing Rules after the appointment.



## REPORT OF THE DIRECTORS

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2021, 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 2021, 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 75.5% of the total sales for the year and sales to the largest customer included therein amounted to approximately 19.7%. Purchases from the Group's five largest suppliers accounted for approximately 98.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 40.2%.

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 2021.

### CHARITABLE DONATION

Charitable donation made by the Group during the year amounted to Nil (2020: 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 Listing, were approximately HK\$55.3 million, (ii) the 2020 Placement, were approximately HK\$7.0 million and (iii) the 2021 Placement, were approximately HK\$14.6 million. Details of the use of proceeds are set out in the section headed "Management Discussion and Analysis" of this annual report.

### DIRECTORS

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

#### Executive Directors

SOU Peng Kan Albert (*Chairman*)

FOK Hei Yuen Paul

LAU Lawrence Tak Sun

#### Independent Non-executive Directors

CHIM Tak Lai (appointed on 23 February 2022)

LEE Tak Fai Thomas

YAU Lut Pong Leo (resigned on 14 February 2022)

YUE Wai Leung Stan

Mr. Chim Tak Lai, Mr. Lee Tak Fai Thomas and Mr. Yue Wai Leung Stan 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 16 to 18 in this annual report.

## **CHANGES OF DIRECTORS’ INFORMATION**

Subsequent to the date of the third quarterly report for the nine months ended 30 September 2021 of the Company, the changes in the Director’s information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

1. Mr. Yau Lut Pong Leo resigned as an independent non-executive Director, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 14 February 2022; and
2. Mr. Chim Tak Lai was appointed as an independent non-executive Director, chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee on 23 February 2022.

## **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.

## **DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during the year ended 31 December 2021.



## REPORT OF THE DIRECTORS

### 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 2021 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 11 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 2021.

### CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2021.

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 2021.

### 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 55 to 62 in this annual report.

### NON-COMPETITION UNDERTAKINGS

For the purpose of the listing of the Company, each of Mr. Sou Peng Kan Albert and Ms. Chu Wing Yee, being the controlling shareholders of the Company, have entered into a deed of non-competition dated 21 June 2019 in favour of the Company, further details of which are disclosed in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the Listing Date. The controlling shareholders have confirmed to the Company that they had complied with the non-competition undertaking during the year ended 31 December 2021. The Board (including the independent non-executive Directors) has reviewed and confirmed the compliance with the non-competition undertakings by the controlling shareholders.

### 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.



## REPORT OF THE DIRECTORS

(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.



## REPORT OF THE DIRECTORS

### (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;



## REPORT OF THE DIRECTORS

- (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.



## REPORT OF THE DIRECTORS

### (20) Conditions of Share Option Scheme

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

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

### (21) Administration of the Share Option Scheme

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

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

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

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

## INTERESTS IN COMPETING BUSINESS

During the year ended 30 December 2021, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of GEM Listing Rules, the Company has appointed Grand Moore Capital Limited as the compliance adviser (the "Compliance Adviser") with effect from 12 July 2019. As at 31 December 2021, as notified by the Compliance Adviser, save for the compliance adviser's agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

As at 31 December 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

### (i) Long Positions in the Shares

Name of Director	Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Mr. Sou Peng Kan Albert ("Mr. Sou")	Interest in a controlled corporation and interest of spouse	262,500,000 (Note 1)	32.01%

Note:

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

### (ii) Long Positions in the Shares of Associated Corporation

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

Save as disclosed above, as at 31 December 2021, 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 2021, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) had or were deemed or taken to have the following interests and/or short positions in the shares or the underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Ms. Chu	Interest in a controlled corporation and Interest of spouse	262,500,000 (Note 1)	32.01%

Note:

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

Save as disclosed herein, as at 31 December 2021, 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 2021 are set out in note 28 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 2021, 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 Wednesday, 22 June 2022 to Monday, 27 June 2022, 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 Tuesday, 21 June 2022.

## REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2021 and this annual report have been reviewed by the Audit Committee.

## AUDITOR

The consolidated financial statements for the years ended 31 December 2019 and 2020 were audited by HLM CPA Limited ("HLM") and the consolidated financial statements for the year ended 31 December 2021 were audited by Confucius International CPA Limited ("Confucius").

HLM resigned as auditor of the Company with effect from 12 November 2021 and Confucius 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 forthcoming AGM. Save as disclosed above, there were no other changes of auditor of the Company in the preceding two years.

Confucius will retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of Confucius 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, 24 March 2022



# INDEPENDENT AUDITOR'S REPORT



Certified Public Accountants

香港灣仔莊士敦道181號大有大廈15樓1501-08室  
Rooms 1501-08, 15th Floor, Tai Yau Building,  
181 Johnston Road, Wanchai, Hong Kong  
電話 Tel: (852) 3103 6980  
傳真 Fax: (852) 3104 0170

**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 70 to 132, which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

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

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

As disclosed in note 17 to the consolidated financial statements, the Group has net trade receivables of HK\$25,160,320 as at 31 December 2021.

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

### How our audit addressed the key audit matter

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Confucius International CPA Limited**

*Certified Public Accountants*

**Tsang Kwong Kin**

Practising Certificate Number P07368

Hong Kong, 24 March 2022



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 HK\$	2020 HK\$
Revenue	6	<b>167,933,418</b>	66,029,438
Cost of sales and services		<b>(149,761,619)</b>	(48,719,034)
Gross profit		<b>18,171,799</b>	17,310,404
Net other expenses	7	<b>(989,581)</b>	(453,916)
Other operating expenses		<b>(4,041,761)</b>	(6,120,594)
Impairment losses on plant and equipment		<b>(17,545,534)</b>	—
Impairment losses under expected credit loss model, net of reversal		<b>(9,273,750)</b>	(7,490,995)
Administrative expenses		<b>(17,129,569)</b>	(14,957,783)
Selling and distribution expenses		<b>(1,711,570)</b>	(1,440,659)
Finance costs	8	<b>(1,809,063)</b>	(1,616,599)
Loss before tax		<b>(34,329,029)</b>	(14,770,142)
Income tax credit	9	<b>2,465,660</b>	17,838
Loss for the year		<b>(31,863,369)</b>	(14,752,304)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(72)</b>	—
Total comprehensive expenses for the year attributable to owners of the Company	10	<b>(31,863,441)</b>	(14,752,304)
Loss per share (HK cents per share)			
Basic	13	<b>(4.39)</b>	(2.27)
Diluted	13	<b>(4.39)</b>	(2.27)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTES	2021 HK\$	2020 HK\$
<b>Non-current assets</b>			
Plant and equipment	14	<b>102,199,312</b>	139,312,891
Right-of-use assets	15	<b>950,767</b>	536,005
		<b>103,150,079</b>	139,848,896
<b>Current assets</b>			
Inventories	16	<b>6,934,566</b>	1,260,065
Trade and other receivables	17	<b>26,606,784</b>	35,185,589
Pledged bank deposits	18	<b>2,921,961</b>	2,921,466
Bank balances and cash	18	<b>14,312,604</b>	2,337,060
		<b>50,775,915</b>	41,704,180
<b>Current liabilities</b>			
Trade and other payables	19	<b>5,967,430</b>	9,032,619
Borrowings — due within one year	20	<b>10,494,712</b>	10,000,000
Lease liabilities			
— current portion	22	<b>496,221</b>	549,373
Obligations under finance leases			
— due within one year	21	<b>17,806,011</b>	22,362,358
Bank overdrafts	18	<b>6,016,460</b>	7,214,217
		<b>40,780,834</b>	49,158,567
<b>Net Current Assets (Liabilities)</b>		<b>9,995,081</b>	(7,454,387)
<b>Total Assets less Current Liabilities</b>		<b>113,145,160</b>	132,394,509



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTES	2021 HK\$	2020 HK\$
<b>Non-current Liabilities</b>			
Lease liabilities			
— non-current portion	22	457,825	—
Obligations under finance leases			
— due after one year	21	—	7,843
Deferred tax liabilities	23	6,526,066	8,991,726
		<b>6,983,891</b>	8,999,569
<b>Net Assets</b>			
		<b>106,161,269</b>	123,394,940
<b>Capital and reserves</b>			
Share capital	24	8,200,000	7,200,000
Reserves		97,961,269	116,194,940
		<b>106,161,269</b>	123,394,940

The consolidated financial statements on page 70 to 132 were approved and authorised for issue by the board of directors on 24 March 2022 and are signed on its behalf by:

**Sou Peng Kan, Albert**  
DIRECTOR

**Fok Hei Yuen, Paul**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note i)	Exchange reserve HK\$	Retained profits (Accumulated losses) HK\$	Total HK\$
At 1 January 2020	6,000,000	87,856,272	5,499,999	—	31,753,220	131,109,491
Issue of shares by share placing (Note 24)	1,200,000	6,120,000	—	—	—	7,320,000
Transaction costs directly attributable to issue of shares upon placing	—	(282,247)	—	—	—	(282,247)
Loss and total comprehensive expenses for the year	—	—	—	—	(14,752,304)	(14,752,304)
At 31 December 2020 and 1 January 2021	<b>7,200,000</b>	<b>93,694,025</b>	<b>5,499,999</b>	—	<b>17,000,916</b>	<b>123,394,940</b>
Issue of shares by share placing (Note 24)	<b>1,000,000</b>	<b>14,000,000</b>	—	—	—	<b>15,000,000</b>
Transaction costs directly attributable to issue of shares upon placing	—	<b>(370,230)</b>	—	—	—	<b>(370,230)</b>
Loss for the year	—	—	—	—	<b>(31,863,369)</b>	<b>(31,863,369)</b>
Other comprehensive expense	—	—	—	<b>(72)</b>	—	<b>(72)</b>
Total comprehensive expenses for the year	—	—	—	<b>(72)</b>	<b>(31,863,369)</b>	<b>(31,863,441)</b>
At 31 December 2021	<b>8,200,000</b>	<b>107,323,795</b>	<b>5,499,999</b>	<b>(72)</b>	<b>(14,862,453)</b>	<b>106,161,269</b>

Note:

- (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).



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 HK\$	2020 HK\$
<b>OPERATING ACTIVITIES</b>			
Loss before tax		<b>(34,329,029)</b>	(14,770,142)
Adjustments for:			
Interest income	7	<b>(1,082)</b>	(39,274)
Depreciation on plant and equipment	14	<b>8,525,234</b>	9,773,387
Depreciation on right-of-use assets	15	<b>599,389</b>	818,338
Allowance for ECL on trade receivable	17	<b>9,273,750</b>	7,490,995
Impairment losses on plant and equipment		<b>17,545,534</b>	—
Finance costs	8	<b>1,809,063</b>	1,616,599
Loss on disposal of plant and equipment	7	<b>1,094,444</b>	552,051
Operating cash flows before movements in working capital		<b>4,517,303</b>	5,441,954
Increase in inventories		<b>(5,674,501)</b>	(110,560)
Increase in trade and other receivables		<b>(694,945)</b>	(26,328,863)
(Decrease) increase in trade and other payables		<b>(3,065,189)</b>	4,653,112
<b>Net cash used in operating activities</b>		<b>(4,917,332)</b>	(16,344,357)
<b>Investing activities</b>			
Purchase of plant and equipment		<b>(5,303,496)</b>	(28,229,858)
Proceed from disposal of plant and equipment		<b>15,251,863</b>	11,694,800
Interest income received		<b>587</b>	33,229
<b>Net cash generated from (used in) investing activities</b>		<b>9,948,954</b>	(16,501,829)

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 HK\$	2020 HK\$
<b>FINANCING ACTIVITIES</b>			
Interest paid	30	(1,809,063)	(1,616,599)
New borrowings raised	30	11,890,600	10,000,000
Repayment of borrowings	30	(11,395,888)	(5,594,214)
Repayment of obligations under finance leases	30	(4,564,190)	(6,953,793)
Proceed from issue of shares		15,000,000	7,320,000
Transaction costs attributable to issue of shares		(370,230)	(282,247)
Repayment of lease liabilities	30	(609,478)	(814,707)
<b>Net cash generated from financing activities</b>		<b>8,141,751</b>	2,058,440
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>13,173,373</b>	(30,787,746)
<b>Cash and cash equivalents at beginning of the year</b>		<b>(4,877,157)</b>	25,910,589
Effect of foreign exchange rate changes		(72)	—
<b>Cash and cash equivalents at end of the year</b>		<b>8,296,144</b>	(4,877,157)
<b>Cash and cash equivalents at end of the year, represented by</b>			
Bank balances and cash		14,312,604	2,337,060
Bank overdrafts		(6,016,460)	(7,214,217)
		<b>8,296,144</b>	(4,877,157)



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

## 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 31.

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 annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9 HKAS 39, HKFRS 7, HKFRS 4 and HKFRS16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19 Related Rent Concessions

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

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

### 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:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective date to be determined.

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. SIGNIFICANT ACCOUNTING POLICIES

### 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 “Listing Rules”) and by the Hong Kong Companies Ordinance.

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Investment in subsidiaries

Investments in subsidiaries presented in the Company's statement of financial position included in note 32 to the consolidated financial statements are stated at cost less identified impairment loss.

#### Revenue recognition

##### *Revenue from contracts with customers*

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

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

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

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

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

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

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

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

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition *(Continued)*

##### *Revenue from contracts with customers (Continued)*

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

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

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

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

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

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

#### Lease

##### *Definition of a lease*

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

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Lease *(Continued)***

##### ***The Group as lessor***

###### *Classification and measurement of leases*

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

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

Plant hire income from operating leases is recognised in 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.

###### *Short-term leases and leases of low-value assets*

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Lease *(Continued)***

##### ***The Group as a lessee (Continued)***

##### *Right-of-use assets*

The cost of right-of-use asset includes:

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

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

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

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

##### *Refundable rental deposits*

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

##### *Lease liabilities*

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

The lease payments include:

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Lease *(Continued)***

##### ***The Group as a lessee (Continued)***

##### *Lease liabilities (Continued)*

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.

#### **Segment reporting**

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

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

#### **Retirement benefits cost**

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

#### **Borrowing costs**

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 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.

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Taxation *(Continued)*

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

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

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

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

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

#### Plant and equipment

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

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 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.

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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Cash and cash equivalents

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

#### 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.

#### ***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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial assets (Continued)*

##### *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost (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, the Group recognises lifetime ECL.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial assets (Continued)*

##### *Impairment of financial assets*

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

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

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.

#### ***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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Financial instruments *(Continued)*

##### *Financial liabilities and equity instruments (Continued)*

###### *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.

#### 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).

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Related parties

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

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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.

##### *Principal versus agent consideration in trading of electronic and household products*

The Group engages in trading of electronic and household products. In determining whether the Group is acting as a principal or as an agent, management is required to exercise significant judgement and to consider all relevant facts and circumstances of the business. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and credit risk associated with the transaction.

#### 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.

##### *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 2021 and 2020, the carrying amounts of plant and equipment are HK\$102,199,312 and HK\$139,312,891 respectively.

##### *Estimated impairment of plant and equipment*

The Group assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 December 2021, the impairment losses on plant and equipment recognised during the year amount to HK\$17,545,534 (2020: HK\$ Nil).

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

##### Key sources of estimation uncertainty *(Continued)*

###### *Provision of ECL for trade receivables*

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

The management of the Group has individually assessed all the receivables by taking into account the length of business relationship, reputation and repayment history of each of customers. Allowance for ECL amounting to HK\$9,273,750 was recognised for the year (31 December 2020: HK\$7,490,995).

The information about the ECLs and the Group's impairment loss regarding trade receivables are disclosed in note 17.

#### 5. FINANCIAL INSTRUMENTS

##### a. Categories of financial instruments

	As at 31 December	
	2021 HK\$	2020 HK\$
<b>Financial assets</b>		
<i>Amortised cost</i>		
Trade and other receivables	25,969,949	34,727,148
Bank balance and cash	14,312,604	2,337,060
Pledged bank deposits	2,921,961	2,921,466
	<b>43,204,514</b>	39,985,674
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
Trade and other payables	5,951,946	9,016,565
Borrowings	10,494,712	10,000,000
Obligations under finance leases	17,806,011	22,370,201
Bank overdrafts	6,016,460	7,214,217
Lease liabilities	954,046	549,373
	<b>41,223,175</b>	49,150,356

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies

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

#### *Cash flow and fair value interest rate risk*

The Group's main interest rate risk arises from gearing (include borrowings, obligations under finance leases, bank overdrafts and lease liabilities) with variable rates, which expose the Group to cash flow interest rate risk. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate gearing. During the year ended 31 December 2021 and 2020, the Group's gearing were denominated in HK\$.

	2021 HK\$	% of total gearing	2020 HK\$	% of total gearing
Variable rate borrowings	10,494,712	30%	10,000,000	25%
Variable rate obligations under finance leases	17,798,168	50%	22,270,337	55%
Fixed rate obligations under finance leases	7,843	0%	99,864	1%
Variable rate bank overdrafts	6,016,460	17%	7,214,217	18%
Fixed rate lease liabilities	954,046	3%	549,373	1%
	35,271,229	100%	40,133,791	100%

An analysis by maturities is provided in note 5(b) below. The percentage of total gearing shows the proportion of borrowing, obligations under finance leases, bank overdrafts and lease liabilities that are currently at fixed and variable rates in relation to the total amount of gearing.

#### *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate obligations under finance leases (see Note 21).

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank overdrafts (see Note 18), variable-rate borrowings (see Note 20) and variable-rate obligations under finance leases (see Note 21).

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.

## 5. FINANCIAL INSTRUMENTS *(Continued)*

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

#### ***Interest rate risk (Continued)***

##### *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 have been 100 basis points higher/lower and all other variables held constant, the Group's loss for the years ended 31 December 2021 and 2020 would increase/decrease by HK\$201,999 and HK\$391,728 respectively.

#### ***Credit risk***

As at 31 December 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

As at 31 December 2021, the Group has concentration of credit risk as 68% (2020: 46%) and 92% (2020: 92%) of the total 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 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 2021

### 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 flows HK\$	Carrying amounts HK\$
<b>31 December 2021</b>						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	5.94%	10,494,712	—	—	10,494,712	10,494,712
Bank overdrafts	6.35%	6,016,460	—	—	6,016,460	6,016,460
Obligations under finance leases	4.75%	17,806,040	—	—	17,806,040	17,806,011
Trade and other payables		5,951,946	—	—	5,951,946	5,951,946
Lease liabilities	5.81%	537,504	470,316	—	1,007,820	954,046
		40,806,662	470,316	—	41,276,978	41,223,175
<b>31 December 2020</b>						
<i>Non-derivative financial liabilities</i>						
Bank borrowings	4.18%	10,000,000	—	—	10,000,000	10,000,000
Bank overdrafts	6.24%	7,214,217	—	—	7,214,217	7,214,217
Obligations under finance leases	4.55%	22,364,777	7,870	—	22,372,647	22,370,201
Trade and other payables		9,016,565	—	—	9,016,565	9,016,565
Lease liabilities	4.53%	561,089	—	—	561,089	549,373
		49,156,648	7,870	—	49,164,518	49,150,356

As at 31 December 2021, bank borrowings in the amount of HK\$10,494,712 (2020: HK\$10,000,000) and obligation under finance leases in the amount of HK\$17,798,170 (2020: HK\$22,270,337), 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.

## 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\$	
<b>31 December 2021</b>						
Borrowings	5.94%	3,490,188	3,490,188	4,574,310	11,554,686	10,494,712
Obligation under finance leases	4.53%	9,053,667	6,917,726	2,769,669	18,741,062	17,798,170
		12,543,855	10,407,914	7,343,979	30,295,748	28,292,882
<b>31 December 2020</b>						
Borrowings	4.18%	10,000,000	—	—	10,000,000	10,000,000
Obligation under finance leases	4.54%	7,981,951	7,563,575	8,384,907	23,930,433	22,270,337
		17,981,951	7,563,575	8,384,907	33,930,433	32,270,337

### 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 2021

### 6. 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 is as follows:

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Plant hire income	<b>30,110,226</b>	33,068,621
General sales from trading of machinery, tools and parts	<b>198,432</b>	18,162,081
General sales from trading of electronic and household products	<b>137,552,451</b>	11,577,260
Transportation and other services income*	<b>72,309</b>	3,221,476
	<b>167,933,418</b>	66,029,438

\* For the year ended 31 December 2021, interest income from money lending services was HK\$ Nil (2020: HK\$73,512).

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 2021 and 2020, 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Segment revenue and results

For the year ended 31 December 2021:

	Plant hire income HK\$	General sales from trading of machinery, tools and parts HK\$	General sales from trading of electronic and household products HK\$	Transportation and other services income HK\$	Total HK\$
<b>Revenue</b>					
Segment revenue from external customers	30,110,226	198,432	137,552,451	72,309	167,933,418
<b>Revenue recognition</b>					
At a point in time under HKFRS 15	—	198,432	137,552,451	72,309	137,823,192
Under HKFRS 16	30,110,226	—	—	—	30,110,226
	30,110,226	198,432	137,552,451	72,309	167,933,418
<b>Results</b>					
Segment results	(5,150,276)	871,422	(8,626,633)	210,849	(12,694,638)
Loss on disposal of plant and equipment					(1,094,444)
Other unallocated income					104,863
Other unallocated expenses					(20,644,810)
Loss before tax					(34,329,029)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Segment revenue and results *(Continued)*

For the year ended 31 December 2020:

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

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

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 2021

### 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Segment assets and liabilities

For the year ended 31 December 2021:

	Plant hire income, general sales from trading of machinery, tools and parts, and transportation and other services income HK\$	General sales from trading of electronic and household products HK\$	Consolidated HK\$
<b>Assets</b>			
Segment assets	125,484,385	13,454,218	138,938,603
Unallocated corporate assets			14,987,391
Consolidated total assets			153,925,994
<b>Liabilities</b>			
Segment liabilities	(45,478,502)	(898,642)	(46,377,144)
Unallocated corporate liabilities			(1,387,581)
Consolidated total liabilities			(47,764,725)

For the year ended 31 December 2020:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Other segment information

For the year ended 31 December 2021:

	Plant hire income	General sales from trading of machinery, tools and parts	General sales from trading of electronic and household products	Transportation and other services income	Unallocated	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amounts included in the measure of segment results:						
Depreciation on plant and equipment	7,802,019	—	5,892	—	717,323	8,525,234
Depreciation on right-of-use assets	—	—	—	—	599,389	599,389
Loss on disposal of plant and equipment	—	—	—	—	1,094,444	1,094,444
Movement in allowance for ECL on trade receivables	1,018,264	(833,472)	9,268,450	(179,492)	—	9,273,750

For the year ended 31 December 2020:

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

As at 31 December 2021 and 2020, there is no transaction price allocated contract with customers, therefore in accordance with HKFRS15.120, there is no unsatisfied or partially satisfied remaining performance obligations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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	
	2021	2020
	HK\$	HK\$
Hong Kong	162,348,757	14,283,130
Macau	3,481,039	44,160,298
People's Republic of China ("PRC")	2,103,622	—
Uzbekistan	—	7,586,010
	<b>167,933,418</b>	<b>66,029,438</b>

Non-current assets	As at 31 December	
	2021	2020
	HK\$	HK\$
Hong Kong	103,150,079	139,848,896

#### Information about major customers

Revenue from customers during the years ended 31 December 2021 and 2020 contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Customer A	33,156,225	—
Customer B	25,266,841	22,103,269
Customer C	24,854,556	—
Customer D	24,542,984	—*
Customer E	17,965,639	—*
Customer F	—	24,536,513
Customer G	—	7,586,010

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7. NET OTHER EXPENSES

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Interest income	1,082	39,274
Loss on disposal of plant and equipment	(1,094,444)	(552,051)
Net exchange gain (loss)	41,721	(52,052)
Subsidies from Construction Industry Council and Government	—	70,000
Others	62,060	40,913
	<b>(989,581)</b>	<b>(453,916)</b>

### 8. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Interest on bank borrowings	545,742	265,583
Interest on bank overdrafts	350,382	238,324
Interest on finance leases	894,141	1,070,555
Interest on lease liabilities	18,798	42,137
	<b>1,809,063</b>	<b>1,616,599</b>

### 9. INCOME TAX CREDIT

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Current tax		
Hong Kong Profits Tax	—	—
Deferred taxation (note 23)	(2,465,660)	(17,838)
	<b>(2,465,660)</b>	<b>(17,838)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. INCOME TAX CREDIT (Continued)

Hong Kong Profit Tax is calculated at 16.5% on the estimated assessable profit for both years.

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	
	2021	2020
	HK\$	HK\$
Loss before tax	<b>(34,329,029)</b>	(14,770,142)
Tax at applicable tax rate of 16.5%	<b>(5,664,290)</b>	(2,437,074)
Tax effect of income not taxable for tax purpose	<b>(39,614)</b>	(188,000)
Tax effect of expenses not deductible for tax purpose	<b>2,987,567</b>	2,559,064
Tax effect of temporary differences not recognised	<b>(300,685)</b>	(1,873)
Tax effect of tax losses not recognised	<b>551,362</b>	50,045
Income tax credit for the year	<b>(2,465,660)</b>	(17,838)

There is no PRC, Macau and Uzbekistan tax implication for the year (2020: Nil)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10. LOSS FOR THE YEAR

	Year ended 31 December	
	2021 HK\$	2020 HK\$
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments and allowance (Note 11)	<b>2,798,650</b>	2,059,710
Staff costs		
— Salaries, allowances and other benefits	<b>11,405,610</b>	8,142,338
— Bonus	<b>167,000</b>	1,045,800
— Government grants under Employment Support Scheme	—	(681,300)
— Retirement benefits scheme contributions	<b>392,193</b>	265,211
	<b>11,964,803</b>	8,772,049
Total staff costs	<b>14,763,453</b>	10,831,759
Auditor's remuneration	<b>530,000</b>	520,000
Cost of general sales		
— machinery, tools and parts	<b>160,482</b>	15,540,722
— electronic and household products	<b>136,904,742</b>	11,385,903
Depreciation of plant and equipment		
— owned assets	<b>6,873,388</b>	7,827,163
— assets held under finance leases	<b>1,651,846</b>	1,946,224
Depreciation of right-of-use asset	<b>599,389</b>	818,338
Loss on disposal of plant and equipment	<b>1,094,444</b>	4,618,071
Short term operating lease rentals in respect of rented premises	<b>1,891,150*</b>	1,127,700
Allowance for ECL on trade receivables	<b>9,273,750</b>	7,490,995
Impairment losses on plant and equipment	<b>17,545,534</b>	—

\* The short term operating lease rentals included the director's quarter expenses, which is also included in "Director's emoluments and allowance" in the consolidated statement of profit or loss and other comprehensive income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors/employees of subsidiaries, who were appointed as the director of the Company, during the year ended 31 December 2021 and 2020 are as follows:

	Year ended 31 December	
	2021 HK\$	2020 HK\$
Directors' fees	360,000	440,129
Other emoluments:		
Basic salaries, allowances	2,232,000	1,619,581
Discretionary bonus	—	—
Retirement benefits scheme contributions	18,000	—
	2,610,000	2,059,710
Benefit in kind (Note i)	188,650	377,300
	2,798,650	2,437,010

Notes:

- (i) It represented the payment for settlement of lease liabilities of directors' quarter for the year ended 31 December 2020.
- (ii) No directors waived any emoluments for the year ended 31 December 2021 and 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

For the year ended 31 December 2021:

	Fee HK\$	Basic salaries and allowance HK\$	Discretionary bonus HK\$	Retirement benefit scheme contributions HK\$	Allowance and benefits in kind HK\$	Total HK\$
<b>Executive directors</b>						
Sou Peng Kan, Albert	—	1,560,000	—	—	188,650	1,748,650
Fok Hei Yuen, Paul	—	192,000	—	—	—	192,000
Lau, Lawrence Tak Sun	—	480,000	—	18,000	—	498,000
	—	2,232,000	—	18,000	188,650	2,438,650
<b>Independent Non-Executive directors</b>						
Lee Tak Fai, Thomas	120,000	—	—	—	—	120,000
Yau Lut Pong, Leo (Note)	120,000	—	—	—	—	120,000
Yue Wai Leung, Stan	120,000	—	—	—	—	120,000
	360,000	—	—	—	—	360,000
<b>Total</b>	<b>360,000</b>	<b>2,232,000</b>	<b>—</b>	<b>18,000</b>	<b>188,650</b>	<b>2,798,650</b>

Note:

Yau Lut Pong, Leo resigned as independent non-executive director of the Company on 14 February 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

*For the year ended 31 December 2020:*

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

Notes:

- (i) Leung Man Chiu, Lawrence resigned as non-executive director of the Company on 21 July 2020.
- (ii) Lau, Lawrence Tak Sun was appointed as executive director of the Company on 30 December 2020.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

The five highest paid individuals with the highest emoluments in the Group include one director for the years ended 31 December 2021 and 2020, respectively. Details of his emoluments are set out above. The remunerations for the remaining four and four individuals for the years ended 31 December 2021 and 2020, respectively are as follows:

	Year ended 31 December	
	2021 HK\$	2020 HK\$
Basic salaries, allowances and other benefits	3,192,667	2,675,900
Discretionary bonus	50,000	774,000
Retirement benefits scheme contributions	123,333	72,000
	<b>3,366,000</b>	<b>3,521,900</b>

Their emoluments were within the following bands:

	As at 31 December	
	2021 Number of employees	2020 Number of employees
Nil — HK\$1,000,000	3	3
HK\$1,000,001 — HK\$1,500,000	1	—
HK\$1,500,001 — HK\$2,000,000	—	1
	<b>4</b>	<b>4</b>

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 2021 and 2020.

### 12. DIVIDEND

The Board did not recommend the payment of a dividend for the years ended 31 December 2021 and 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. LOSS PER SHARE

#### Loss

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Loss for the year attributable to owners of the Company for the purposes of calculating basic loss per share	<b>(31,863,369)</b>	(14,752,304)

#### Number of shares

	Year ended 31 December	
	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>726,027,397</b>	648,524,590

The weighted average number of ordinary shares for the purpose of basic loss per share has taken into account for the share placings on 10 December 2021.

The Company did not have any potential ordinary shares outstanding during the year ended 31 December 2021 (2020: Nil). Diluted loss per share is equal to basic loss per share.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment		Motor vehicles		Plant and machinery		Tools	Total
	Owned	Owned	Leased	Owned	Leased	Owned		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
<b>COST</b>								
At 1 January 2020	4,866,014	1,293,538	655,078	108,972,641	46,369,593	—	162,156,864	
Addition	182,525	4,793,119	—	12,378,973	7,573,773	10,104,868	35,033,258	
Disposal	(47,309)	—	—	(22,556,105)	—	(1,059,435)	(23,662,849)	
Transfer/reclassification	(4,406,735)	319,098	(319,098)	12,791,564	(12,791,564)	4,406,735	—	
At 31 December 2020 and 1 January 2021	594,495	6,405,755	335,980	111,587,073	41,151,802	13,452,168	173,527,273	
Addition	8,815	—	—	109,250	—	5,185,431	5,303,496	
Disposal	(2,000)	(3,062,119)	—	(15,485,779)	—	(1,253,697)	(19,803,595)	
Transfer/reclassification	—	—	—	2,317,228	(2,317,228)	—	—	
At 31 December 2021	601,310	3,343,636	335,980	98,527,772	38,834,574	17,383,902	159,027,174	
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>								
At 1 January 2020	1,135,660	594,378	351,035	24,425,830	9,350,090	—	35,856,993	
Charge for the year	26,618	450,480	77,833	6,063,750	1,868,391	1,286,315	9,773,387	
Eliminated on disposal	(45,516)	—	—	(11,180,269)	—	(190,213)	(11,415,998)	
Transfer/reclassification	(719,663)	255,279	(255,279)	7,840,758	(7,840,758)	719,663	—	
At 31 December 2020 and 1 January 2021	397,099	1,300,137	173,589	27,150,069	3,377,723	1,815,765	34,214,382	
Charge for the year	47,291	608,728	67,196	4,610,521	1,584,650	1,606,848	8,525,234	
Eliminated on disposal	(2,000)	(234,148)	—	(2,995,018)	—	(226,122)	(3,457,288)	
Impairment loss	—	—	—	17,545,534	—	—	17,545,534	
Transfer/reclassification	—	—	—	370,756	(370,756)	—	—	
At 31 December 2021	442,390	1,674,717	240,785	46,681,862	4,591,617	3,196,491	56,827,862	
<b>CARRYING AMOUNTS</b>								
At 31 December 2021	158,920	1,668,919	95,195	51,845,910	34,242,957	14,187,411	102,199,312	
At 31 December 2020	197,396	5,105,618	162,391	84,437,004	37,774,079	11,636,403	139,312,891	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. 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 amounts of plant and equipment held under finance leases is:

	Year ended 31 December	
	2021	2020
	HK\$	HK\$
Motor vehicle	95,195	162,391
Plant and machinery	34,242,957	37,774,079
	<b>34,338,152</b>	37,936,470

For the year ended 31 December 2021, the Group acquired plant and equipment with an aggregate cost of approximately HK\$5.3 million (2020: HK\$35.0 million) of which approximately HK\$Nil million (2020: HK\$6.8 million) was acquired by means of financial leases. Cash payment of approximately HK\$5.3 million (2020: approximately HK\$28.2 million) was made to purchase plant and equipment.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15. RIGHT-OF-USE ASSETS

	Land and Building HK\$
<b>COST</b>	
At 1 January 2020	1,930,620
Written off	(705,466)
At 1 December 2020 and 1 January 2021	1,225,154
Addition	1,014,151
Written off	(1,225,154)
At 31 December 2021	1,014,151
<b>ACCUMULATED DEPRECIATION</b>	
At 1 January 2020	576,277
Charge for the year	818,338
Written off	(705,466)
At 1 December 2020 and 1 January 2021	689,149
Charge for the year	599,389
Written off	(1,225,154)
At 31 December 2021	63,384
<b>CARRYING AMOUNTS</b>	
At 31 December 2021	950,767
At 31 December 2020	536,005

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

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

	As at 31 December	
	2021 HK\$	2020 HK\$
Expense relating to short-term leases	1,891,150	1,127,700
Total cash outflow for leases	609,478	814,707

In addition, lease liabilities of HK\$954,046 (2020: HK\$549,373) are recognised with related right-of-use assets of HK\$950,767 (2020: HK\$536,005) as at 31 December 2021. 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 2021

### 16. INVENTORIES

	Year ended 31 December	
	2021 HK\$	2020 HK\$
Spare parts, at cost	1,235,479	1,260,065
Cosmetic products, for trading	5,699,087	—
	<b>6,934,566</b>	1,260,065

### 17. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables:

	Year ended 31 December	
	2021 HK\$	2020 HK\$
Trade receivables	41,925,065	41,804,058
Less: Allowance for ECL on trade receivables, net	(16,764,745)	(7,490,995)
	<b>25,160,320</b>	34,313,063
Rental and utilities deposits paid	296,999	414,085
Prepayments	636,835	458,441
Other receivables	512,630	—
	<b>26,606,784</b>	35,185,589

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

	As at 31 December	
	2021 HK\$	2020 HK\$
Balance at the beginning of the year	34,313,063	15,274,885
Balance at the end of the year	<b>25,160,320</b>	34,313,063

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 31 December	
	2021 HK\$	2020 HK\$
Within 30 days	3,937,700	3,608,254
31 to 60 days	3,087,223	1,929,792
61 to 90 days	1,532,693	6,273,924
91 to 120 days	1,740,485	5,751,058
121 to 365 days	14,862,219	16,504,185
Over 1 year	—	245,850
	<b>25,160,320</b>	<b>34,313,063</b>

Allowance for ECL amounting to HK\$9,273,750 has been recognised for the year (2020: HK\$7,490,995).

	within 30 days HK\$	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 2021							
Expected loss rate	0.02%	2.23%	2.39%	2.39%	39.58%	100%	
Gross carrying amount — trade receivables	3,938,600	3,157,623	1,570,193	1,783,085	24,597,569	6,877,995	41,925,065
Allowance for ECL on trade receivable	900	70,400	37,500	42,600	9,735,350	6,877,995	16,764,745

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK\$23,113,242 (2020: HK\$32,636,109) 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 2021

### 17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 31 December	
	2021	2020
	HK\$	HK\$
Overdue:		
Within 30 days	4,861,153	3,861,092
31 to 60 days	1,913,785	766,314
61 to 90 days	1,740,485	6,738,333
91 to 120 days	1,317,646	4,520,335
121 to 365 days	13,280,173	16,504,185
Over 1 year	—	245,850
	<b>23,113,242</b>	<b>32,636,109</b>

The movements in the allowance for ECL on trade receivables:

	As at 31 December	
	2021	2020
	HK\$	HK\$
At 1 January	7,490,995	—
Allowance for ECL recognised during the year	9,273,750	7,490,995
At 31 December	<b>16,764,745</b>	<b>7,490,995</b>

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.

### 18. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT/BANK OVERDRAFTS

Bank balances carry interest at market rates at 0% to 0.05% per annum (2020: 0% to 0.05% per annum) for the year ended 31 December 2021.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits as at 31 December 2021 amounting to HK\$2,921,961 (2020: HK\$2,921,466) have been pledged to secure banking facilities and are classified as current assets. The pledged bank deposits carry interest at 0.001% to 0.05% (2020: 0.001% to 0.1%) per annum.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT/BANK OVERDRAFTS

(Continued)

Bank overdrafts carry interest at 0.5% or 1.5% above prime rate of relevant banks at 5.75% to 6.5% per annum, (2020: 5.75% to 6.625% per annum) for the year ended 31 December 2021.

The unutilised bank overdrafts and trade facilities as at 31 December 2021 amounted to approximately HK\$11,716,000 (2020: HK\$286,000).

### 19. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables:

	As at 31 December	
	2021 HK\$	2020 HK\$
Trade payables	2,717,050	5,791,279
Contract liabilities (Note i)	15,484	16,054
Accrued expenses	3,224,896	3,215,286
Deposits and temporary receipts	10,000	10,000
	<b>5,967,430</b>	<b>9,032,619</b>

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	
	2021 HK\$	2020 HK\$
Within 30 days	127,924	2,447,236
31 to 60 days	1,783,257	453,837
61 to 90 days	294,202	329,089
Over 90 days	511,667	2,561,117
	<b>2,717,050</b>	<b>5,791,279</b>

Note i:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19. TRADE AND OTHER PAYABLES *(Continued)*

Revenue recognised in relation to contract liabilities are as follows:

	As at 31 December	
	2021	2020
	HK\$	HK\$
Balance at 1 January	16,054	300,000
Decrease in contract liabilities as a result of revenue recognised during the year	(570)	(300,000)
Increase in contract liabilities as a result of billing in advance of general sales from trading of machinery, tools and ports	—	16,054
Balance at 31 December	15,484	16,054

### 20. BORROWINGS

	As at 31 December	
	2021	2020
	HK\$	HK\$
Secured bank borrowings	10,494,712	10,000,000



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20. BORROWINGS (Continued)

	As at 31 December	
	2021 HK\$	2020 HK\$
Borrowings that contain a repayable on demand clause:		
Within one year	2,961,997	10,000,000
More than one year but not more than two years	3,142,952	—
More than two years but not more than five years	4,389,763	—
More than five years	—	—
	<b>10,494,712</b>	10,000,000
Less: Amounts due within one year shown under current liabilities	<b>(10,494,712)</b>	(10,000,000)
Amounts shown under non-current liabilities	—	—

The variable-rate borrowings at 31 December 2021 carry interest ranged from 4.4% to 6.5% per annum (2020: 4.18% per annum).

As at 31 December 2021, the Group's borrowings are secured by the plant and equipment with carrying amounts of approximately HK\$15.6 million. As at 31 December 2020, the Group's borrowings are secured by the trade receivable with carrying amounts of approximately HK\$19.5 million.

### 21. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 December	
	2021 HK\$	2020 HK\$
Analysed for reporting purposes as:		
Current liabilities	17,806,011	22,362,358
Non-current liabilities	—	7,843
	<b>17,806,011</b>	22,370,201

According to HK-Int 5 which requires the classification of the whole term loans containing a repayment on demand clause as current liabilities, the aggregate carrying amounts of HK\$9,358,671 (2020: HK\$15,133,025) have been reclassified from non-current liabilities to current liabilities as at 31 December 2021.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 21. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

	Minimum lease payments		Present value of	
	As at 31 December		minimum lease payments	
	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
Within one year or contain repayable on demand clause	<b>18,748,932</b>	24,024,873	<b>17,806,011</b>	22,362,358
In the second to fifth year inclusive	—	7,870	—	7,843
	<b>18,748,932</b>	24,032,743	<b>17,806,011</b>	22,370,201
Less: future finance charges	<b>(942,921)</b>	(1,662,542)	—	—
Present value of finance leases obligations	<b>17,806,011</b>	22,370,201	<b>17,806,011</b>	22,370,201
Less: carrying amounts that due for settlement within twelve months or contain repayable on demand clause (shown under current liabilities)			<b>(17,806,011)</b>	(22,362,358)
Amount due shown under non-current liabilities			—	7,843

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 2021 ranged from 4 to 5 years (2020: 4 to 5 years). Interest rates underlying all obligations under finance leases as at 31 December 2021 ranged from 4.4% to 5.58% per annum (2020: 4.4% to 5.58% per annum).

As at 31 December 2021, the Group's borrowings, bank overdrafts and obligations under finance leases are secured by:

- the leased assets.
- pledged deposits of the Group of approximately HK\$2.9 million.
- plant and equipment of the Group of approximately HK\$15.6 million.

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22. LEASES LIABILITIES

	As at 31 December	
	2021 HK\$	2020 HK\$
Analysed for reporting purposes as:		
Current liabilities	496,221	549,373
Non-current liabilities	457,825	—
	<b>954,046</b>	549,373

During the years ended 31 December 2021, the average lease terms were 3 years (2020: 3 years). The obligations under leases carried effective interest rates at 5.81% per annum (2020: 4.53% per annum).

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 December		As at 31 December	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Amounts payable under obligating leases				
Within one year	537,504	561,089	496,221	549,373
More than one year but less than two years	470,316	—	457,825	—
	<b>1,007,820</b>	561,089	<b>954,046</b>	549,373
Less: future finance charges	(53,774)	(11,716)	—	—
Present value of obligation under obligating leases	<b>954,046</b>	549,373	<b>954,046</b>	549,373
Less: carrying amounts that due for settlement within twelve months			(496,221)	(549,373)
Amount due for settlement after twelve months			<b>457,825</b>	—

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 23. DEFERRED TAX LIABILITIES

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

	<b>Accelerated tax depreciation</b>	<b>Tax losses</b>	<b>Total</b>
	HK\$	HK\$	HK\$
At 1 January 2020	17,417,146	(8,407,582)	9,009,564
Charge to profit or loss (note 9)	2,464,938	(2,482,776)	(17,838)
At 31 December 2020 and 1 January 2021	19,882,084	(10,890,358)	8,991,726
Charge to profit or loss (note 9)	(4,759,439)	2,293,779	(2,465,660)
At 31 December 2021	15,122,645	(8,596,579)	6,526,066

At the end of reporting period, the Group has unused tax losses of approximately HK\$55,745,363 (2020: HK\$66,305,465) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK\$52,100,471 (2020: HK\$66,002,161) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$3,644,892 (2020: HK\$303,304) due to the unpredictability of future profit streams.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 24. SHARE CAPITAL

	2021		2020	
	Number of shares	HK\$	Number of shares	HK\$
<i>Authorised ordinary shares at HK\$0.01 per share</i>				
At January	8,000,000,000	80,000,000	8,000,000,000	80,000,000
At 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 2020	720,000,000	7,200,000	600,000,000	6,000,000
Issue of shares under the placing (Note i & ii)	100,000,000	1,000,000	120,000,000	1,200,000
At 31 December	820,000,000	8,200,000	720,000,000	7,200,000

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

Note ii: On 10 December 2021, the Company issued 100,000,000 ordinary shares under general mandate through placement. The aggregate gross proceeds from the placing were HK\$15,000,000 and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the placing was HK\$14,629,770. The share capital has increased by HK\$1,000,000, while HK\$13,629,770 were credited to share premium.

Issued capital of the Group as at 31 December 2021 represents the paid up capital of the Company.

## 25. OPERATING LEASE COMMITMENTS

### The Group as lessor

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

	2021 HK\$	2020 HK\$
Within one year	<b>691,323</b>	5,379,908

### The Group as lessee

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

	As at 31 December	
	2021 HK\$	2020 HK\$
Within one year	<b>216,000</b>	426,340

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

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

	As at 31 December	
	2021 HK\$	2020 HK\$
Depreciation charge on right-of-use assets (note 15)	<b>598,389</b>	818,338
Interest on lease liabilities (note 8)	<b>18,798</b>	42,137
Expense relating to short term leases (note 10)	<b>1,891,150</b>	1,127,700
Additions to right of right-of-use assets (note 15)	<b>1,014,151</b>	—
Cash outflows in respect of leases (note 30)	<b>609,478</b>	814,707
Carrying amount of right-of-use assets (note 15)	<b>950,767</b>	536,005



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 26. 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 2021 and 2020.

The capital structure of the Group consists of debts, which includes bank borrowings, bank overdrafts and obligations under finance leases, as disclosed in Notes 20, 18 and 21, 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.

### 27. 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 2021, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is HK\$410,193 (2020: HK\$265,211), which represent contributions payable to the scheme by the Group at rates specified in the rules of the schemes.

### 28. 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 11.

### 29. SHARE OPTION SCHEME

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

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

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

No options were granted or exercised during the year ended 31 December 2021 and no share options were outstanding as at 31 December 2021.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 30. 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.

	<b>Bank overdraft interest payable</b> HK\$	<b>Borrowings</b> HK\$	<b>Obligation under finance leases</b> HK\$	<b>Lease liabilities</b> HK\$	<b>Total</b> HK\$
At 1 January 2020	—	5,594,214	22,520,594	1,364,080	29,478,888
Interest paid	(238,324)	(265,583)	(1,070,555)	(42,137)	(1,616,599)
New borrowings raised	—	10,000,000	—	—	10,000,000
Repayment of borrowings	—	(5,594,214)	—	—	(5,594,214)
Repayment of obligations under finance leases	—	—	(6,953,793)	—	(6,953,793)
Repayment of lease liabilities	—	—	—	(814,707)	(814,707)
	(238,324)	4,140,203	(8,024,348)	(856,844)	(4,979,313)
Interest expenses	238,324	265,583	1,070,555	42,137	1,616,599
Purchase of plant and equipment	—	—	6,803,400	—	6,803,400
	238,324	265,583	7,873,955	42,137	8,419,999
At 31 December 2020 and 1 January 2021	—	<b>10,000,000</b>	<b>22,370,201</b>	<b>549,373</b>	<b>32,919,574</b>
Interest paid	<b>(350,382)</b>	<b>(545,742)</b>	<b>(894,141)</b>	<b>(18,798)</b>	<b>(1,809,063)</b>
New borrowings raised	—	<b>11,890,600</b>	—	—	<b>11,890,600</b>
Repayment of borrowings	—	<b>(11,395,888)</b>	—	—	<b>(11,395,888)</b>
Repayment of obligations under finance leases	—	—	<b>(4,564,190)</b>	—	<b>(4,564,190)</b>
Repayment of lease liabilities	—	—	—	<b>(609,478)</b>	<b>(609,478)</b>
	<b>(350,382)</b>	<b>(51,030)</b>	<b>(5,458,331)</b>	<b>(628,276)</b>	<b>(6,488,019)</b>
Interest expenses	<b>350,382</b>	<b>545,742</b>	<b>894,141</b>	<b>18,798</b>	<b>1,809,063</b>
Addition of lease liabilities	—	—	—	<b>1,014,151</b>	<b>1,014,151</b>
	<b>350,382</b>	<b>545,742</b>	<b>894,141</b>	<b>1,032,949</b>	<b>2,823,214</b>
At 31 December 2021	—	<b>10,494,712</b>	<b>17,806,011</b>	<b>954,046</b>	<b>29,254,769</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 31. PARTICULARS OF SUBSIDIARIES/INVESTMENT IN SUBSIDIARIES

	2021 HK\$	2020 HK\$
Unlisted shares, at cost less provision	—	20,082

At 31 December 2021 and 2020, 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
			Directly		Indirectly		
			2021 %	2020 %	2021 %	2020 %	
New Pilot Global Limited	BVI	US\$10	100	100	—	—	Investment holding
World Super Limited	HK	HK\$5,500,000	—	—	100	100	Hire and trading of machinery and transportation and provision of service
World Super Capital Limited	HK	HK\$10,000	100	100	—	—	Inactive
Yummy Network Technology Company Limited	HK	HK\$10,000	100	—	—	—	Trading of electronic and household product
Richmax Construction Engineering Limited	HK	HK\$1	100	—	—	—	Provision of construction works, which included foundation works and ancillary services
Rise Mind Limited	HK	HK\$1	100	—	—	—	Investment holding
Success Dragon Holdings Limited	HK	HK\$1	100	—	—	—	Investment holding
WS Group Limited	HK	HK\$1	100	—	—	—	Investment holding
維亮(廈門)實業有限公司	PRC	US\$20,000,000	—	—	100	—	Investment holding

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	Year ended 31 December	
		2021 HK\$	2020 HK\$
<b>Non-current asset</b>			
Investments in subsidiaries	31	—	20,082
<b>Current assets</b>			
Amount due from subsidiaries		<b>46,302,582</b>	83,988,170
Prepayments		<b>250,660</b>	177,495
Bank balances and cash		<b>13,796,447</b>	64,606
		<b>60,349,689</b>	84,230,271
<b>Current liabilities</b>			
Accrued expense		<b>1,386,495</b>	1,528,285
Net Current Assets		<b>58,963,194</b>	82,701,986
Total Assets Less Current Liabilities		<b>58,963,194</b>	82,722,068
Net Assets		<b>58,963,194</b>	82,722,068
<b>Capital and reserve</b>			
Share capital	24	<b>8,200,000</b>	7,200,000
Share premium	33	<b>112,823,794</b>	99,194,024
Accumulated losses	33	<b>(62,060,600)</b>	(23,671,956)
Total Equity		<b>58,963,194</b>	82,722,068



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 33. COMPANY'S STATEMENTS OF CHANGES IN EQUITY

The followings are the movements of the Company's equity for the year ended 31 December 2021 and 2020:

	Issued capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2020	6,000,000	93,356,271	(16,458,351)	82,897,920
Issue of shares by conversion of share placing (Note 24)	1,200,000	6,120,000	—	7,320,000
Transaction costs directly attributable to issue of shares upon placing	—	(282,247)	—	(282,247)
Loss for the year	—	—	(7,213,605)	(7,213,605)
At 31 December 2020 and 1 January 2021	7,200,000	99,194,024	(23,671,956)	82,722,068
Issue of shares by share placing notes (Note 24)	1,000,000	14,000,000	—	15,000,000
Transaction costs directly attributable to issue of shares upon placing	—	(370,230)	—	(370,230)
Loss for the year	—	—	(38,388,644)	(38,388,644)
At 31 December 2021	8,200,000	112,823,794	(62,060,600)	58,963,194

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

### 34. EVENTS AFTER REPORTING PERIOD

On 18 March 2022, the Group has entered into an agreement to dispose of the entire interest in a wholly owned subsidiary "Yummy Network Technology Company Limited" (the "Disposal"), pursuant to which, the Group agreed to sell the entire issued share capital and the Sale Loan at the Consideration of HK\$8.3 million, among which HK\$2 million shall be satisfied in cash upon Completion, and the remaining balance of HK\$6.3 million shall be satisfied in cash on the date falling the first (1st) anniversary of the Completion Date. The Disposal constitute a discontinuation of the entire segment of general sales from trading of electronic and household products. For details, please refer to the announcement published by the Company on 18 March 2022.

Placing Agreement has been fulfilled and completion of the Placing took place on 21 March 2022. A total of 44,000,000 Placing Shares have been successfully placed by the Placing Agent to not less than six placees at Placing Price of HK\$0.09 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing approximately 5.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the Placing. For details, please refer to the announcement published by the Company on 21 March 2022.