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ANCHORSTONE
Anchorstone Holdings Limited
基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1592)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of Directors (the “**Directors**”) of Anchorstone Holdings Limited (the “**Company**”) would like to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers	3	170,348	324,256
Cost of sales	5	(151,252)	(280,944)
Gross profit		19,096	43,312
Other gains, net	4	2,015	150
Impairment losses on trade and retention receivables and contract assets		(25,360)	–
Administrative expenses	5	(21,426)	(31,298)
Operating (loss)/profit		(25,675)	12,164
Finance income		206	189
Finance costs		(8,630)	(7,662)
Finance costs, net	6	(8,424)	(7,473)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit before income tax		(34,099)	4,691
Income tax expense	7	<u>—</u>	<u>(2,601)</u>
(Loss)/profit and total comprehensive income for the year and attributable to equity holders of the Company		<u>(34,099)</u>	<u>2,090</u>
		2020 <i>HK cents</i>	2019 <i>HK cents</i>
Basic (losses)/earnings per share	8	(2.82)	0.17
Diluted (losses)/earnings per share	8	<u>(2.82)</u>	<u>0.17</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Assets			
Non-current assets			
Property and equipment		564	925
Right-of-use assets		2,305	4,611
		<hr/>	<hr/>
Total non-current assets		2,869	5,536
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories	<i>12</i>	89,922	62,661
Trade and retention receivables	<i>10</i>	15,465	58,776
Contract assets	<i>3</i>	188,004	161,329
Deposits, prepayments and other receivables	<i>11</i>	1,382	3,805
Income tax recoverable		1,135	1,022
Pledged bank deposits	<i>13</i>	34,507	37,385
Cash and cash equivalents (excluding bank overdrafts)	<i>13</i>	218	2,922
		<hr/>	<hr/>
Total current assets		330,633	327,900
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		333,502	333,436
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Equity			
Share capital	<i>16</i>	12,240	12,000
(Accumulated loss)/retained earnings		(78)	34,021
Reserves		111,831	106,095
		<hr/>	<hr/>
Total equity		123,993	152,116
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Liabilities			
Non-current liabilities			
Lease liabilities		–	2,275
Loan from a director		3,090	–
		<hr/>	<hr/>
Total non-current liabilities		3,090	2,275
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and retention payables	<i>14</i>	28,532	20,586
Accruals and other payables		10,767	7,696
Contract liabilities		4,532	488
Lease liabilities		2,275	2,376
Bank borrowings	<i>15</i>	158,819	146,405
Income tax payables		1,494	1,494
		<hr/>	<hr/>
Total current liabilities		206,419	179,045
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		209,509	181,320
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		333,502	333,436
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES:

1 BASIS OF PRESENTATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

1.1 Going concern

The outbreak of Coronavirus Disease in 2020 (the “**COVID-19 outbreak**”) has caused a severe slowdown of property development affecting construction industries in Hong Kong and Macau. It has therefore adversely affected the progress of ongoing project orders as well as future customers’ demand of the Group’s products and services and thereby affecting the Group’s ability to generate adequate cash from its operations to meet its bank borrowings repayment obligations.

For the year ended 31 December 2020, the Group reported a net loss attributable to the equity holders of the Company of HK\$34,099,000 (2019: a net profit attributable to the equity holders of the Company of HK\$2,090,000) and had a net cash used in operations of HK\$18,403,000 (2019: HK\$4,502,000) for the year ended 31 December 2020. As at 31 December 2020, the Group’s current bank borrowings was HK\$158,819,000 (2019: HK\$146,405,000), while its total cash and bank balance was HK\$34,725,000 (2019: HK\$40,307,000) which included pledged bank deposits of HK\$34,507,000 (2019: HK\$37,385,000).

As at 31 December 2020, certain bank borrowings with a total principal amount of HK\$30,091,000 were overdue. Subsequent to the balance sheet date, other bank borrowings with a total principal amount of HK\$61,612,000 became overdue. Since 1 January 2021, the Group has repaid HK\$34,851,000 in relation to these overdue borrowings. In addition, default interests have been charged to the unsettled overdue borrowings by the respective banks. The Group is not able to draw down new borrowings from its bank facilities since 20 November 2020 and any further draw down is subject to the approval by the relevant banks.

As at 31 December 2020, the total bank borrowings of HK\$132,817,000, including (i) the abovementioned overdue balances with a total principal amounts of HK\$91,703,000; (ii) bank borrowings with a total principal amount of HK\$37,114,000 with original contractual repayment dates during the year ending 31 December 2021; and (iii) a bank borrowing with principal amount of HK\$4,000,000 with original contractual repayment date after one year, all borrowed from the same abovementioned banks, would be immediately repayable if requested by the banks in accordance with the underlying bank facilities letters. Although the Group has not received any formal demand letters from the relevant banks, all the aforementioned bank borrowings have been classified as current liabilities as at 31 December 2020.

In accordance with the underlying bank facilities letters, performance bonds issued through a bank aforementioned of HK\$5,138,000 might be cancelled by the bank, which might result in non-compliance with the relevant construction contracts if the Group is not able to replace them with other equivalent performance bonds.

The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position and in an effort to remediating the delayed payments to the relevant banks, which include, but are not limited to, the following:

- (i) Despite the main bank of the Group renewed the banking facility subsequent to the year end, the Group continued to negotiate with the relevant banks for extension of the overdue bank borrowings and to waive their rights arising from the events of default. The directors are confident that agreements with the bank will be reached in due course. Up to the date of this report, the Group has not received any formal demand letters from the relevant banks. Therefore, management is confident that, these banks will not enforce their rights of requesting for immediate repayment of its outstanding bank borrowings nor cancellation of the performance bonds;
- (ii) The immediate holding company of the Group, PMG Investments Limited, is in active negotiations with a company having a money lender's licence in Hong Kong (the "**Money Lender**") for a loan facility in an amount of HK\$150,000,000 assigned exclusively for the use of the Group ("**Holdco Facility**"). The Group is expecting the Holdco Facility be available by April 2021. According to the draft letter of intent for the facility, the loan will have a term of 24 months from the date of drawn down and bearing interest of 18% p.a. The directors are confident that the Group would be able to draw down from this Holdco Facility to finance the Group's operations and settle its obligation as and when needed;
- (iii) The Group is closely monitoring the impact of COVID-19 pandemic on its existing and potential projects. It has implemented measures to accelerate the certification, billing and collection with customers for completed projects. In addition, the Group is in active discussion with a customer to complete the contract in relation to stone sales;
- (iv) The Group is also in active negotiations with its customers to request for deposits before commencement of projects and suppliers and sub-contractors to extend the settlement terms for its purchases;
- (v) Subsequent to the balance sheet date, the Group obtained two loans from Mr. Lui Edwin Wing Yiu, an executive director, of HK\$2,400,000 and HK\$846,000, respectively. The loans are unsecured and repayable after twelve months from the date of draw down and interest bearing at 2% per annum;
- (vi) Subsequent to the balance sheet date, the Company allotted 23,200,000 shares at HK\$0.249 each upon exercise of share options by two directors and a consultant of the Group. Proceed of HK\$2,490,000 has been received from the consultant. After this allotment, all share options granted under the Company's Share Option Scheme are exercised; and
- (vii) The Group is actively looking for other sources of financing including other debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2020. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant multiple uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful negotiation with the banks for renewal and extension of the bank borrowings and granting waiver of their rights arising from the events of default, such that the banks will not enforce their rights of requesting for immediate repayment and the bank facilities will continue to be available to the Group;
- (ii) performance bonds issued through bank guarantee would not be cancelled by the bank such that the Group will be able to continue to fulfil its obligations under the relevant construction contracts;
- (iii) the successful conclusion of the Holdco Facility as mentioned above, the successful draw down by the Group to the extent of HK\$150,000,000, as and when necessary, and continuing support from the immediate holding company to enable the granting of this facility and to observe whatever requirements imposed by the Money Lender to ensure continuing availability of this facility;
- (iv) the successful implementation of the business plans to monitor the on-going impact of the COVID-19 outbreak on the business and to accelerate the certification, billing and collection process with customers for completed projects and accelerate the stone sales;
- (v) the successful negotiation with customers for payments of deposits prior to the commencement of projects and suppliers and subcontractors to extend the settlement terms for its purchases;
- (vi) the receipt of the proceeds from the two directors for the exercised share options; and
- (vii) the successful obtaining of additional new sources of financing as and when needed.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting policies

(a) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform — Phase 1
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *Amended standards early adopted by the Group*

The Group has early adopted the following amendment for the first time for their annual reporting period commencing 1 January 2020:

HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions
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The nature and the impact of amendments to HKFRS 16 are set out as Note 2.2.

(c) *New standards and amendments not yet adopted*

The following new standards and amendments to standards have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase two (Amendments)	1 January 2021
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 (Amendments)	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (Amendments)	1 January 2022
HKFRS 3	Update reference to the conceptual framework (Amendments)	1 January 2022
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance Contract	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

The Group has early adopted Amendment to HKFRS 16 Covid-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if the rent concessions were not lease modifications.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions of HK\$173,600 have been accounted for as negative variable lease payments and recognised in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Supply and installation service	148,903	308,834
Stone sales	21,445	15,422
	<u>170,348</u>	<u>324,256</u>
Timing of revenue recognition:		
Over time	148,903	308,834
At a point of time	21,445	15,422
	<u>170,348</u>	<u>324,256</u>

The executive directors are the Group's chief operating decision-makers. The executive directors consider the segment from a business perspective and regard the Group's business as a single operating segment and review financial statements accordingly. The executive directors assess the performance of the operating segment based on revenue generated. The Group does not report a measure of profit or total assets for the operating segment as the executive directors do not use this information to allocate resources to or evaluate the performance of the operating segment.

The Group's revenue from external customers attributed to the geographical areas based on the location of customers is presented as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	108,833	257,523
Macau	61,515	66,733
	<u>170,348</u>	<u>324,256</u>

Revenue attributed from customers that accounted 10% or more of the Group's total revenue is presented as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A (<i>Note i</i>)	40,572	N/A
Customer B (<i>Note ii</i>)	38,674	N/A
Customer C (<i>Note i</i>)	27,617	81,516
Customer D (<i>Note ii</i>)	22,842	66,733
Customer E (<i>Note i</i>)	18,601	N/A
Customer F (<i>Note i</i>)	N/A	36,986
Customer G (<i>Note i</i>)	N/A	61,607
	<u> </u>	<u> </u>

Notes:

- (i) The revenue was generated from the supply and installation of marble product contract in Hong Kong.
- (ii) The revenue was generated from the supply and installation of marble product contract in Macau.

N/A: The revenue of the particular customer for the particular year was less than 10% of the Group's revenue for the particular year.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract costs incurred plus recognised profits less recognised losses	314,276	506,421
Less: progress billings	(106,580)	(345,580)
Less: loss allowance (<i>Note i</i>)	(19,692)	–
	<u> </u>	<u> </u>
Balance at end of year	<u>188,004</u>	<u>160,841</u>
Analysed for reporting purposes as:		
Contract assets (<i>Note ii</i>)	207,696	161,329
Less: loss allowance	(19,692)	–
	<u> </u>	<u> </u>
Total contract assets	188,004	161,329
Contract liabilities (<i>Note iii</i>)	(4,532)	(488)
	<u> </u>	<u> </u>
	<u>183,472</u>	<u>160,841</u>

Notes:

- (i) The Company applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets. Loss allowance of HK\$19,692,000 was made as at 31 December 2020 (2019: Nil).

Movements in the loss allowance for contract assets are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1st January	–	–
Loss allowance	<u>19,692</u>	<u>–</u>
At 31st December	<u><u>19,692</u></u>	<u><u>–</u></u>

- (ii) The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.
- (iii) The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the supply and installation services.

As at 31 December 2020, contract assets of approximately HK\$167,732,000 (2019: HK\$59,609,000) have been pledged to secure the bank facilities.

4 OTHER GAINS, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange gains, net	150	150
Government grants (<i>Note</i>)	1,691	–
COVID-19-related rent concessions	<u>174</u>	<u>–</u>
	<u><u>2,015</u></u>	<u><u>150</u></u>

Note:

Wage subsidies of HK\$1,591,000 were granted from the Hong Kong SAR Government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020.

Remaining subsidies of HK\$100,000 were granted from the one-off Construction Sector Subsidy Scheme under Anti-Epidemic Fund launched by the Hong Kong SAR Government.

5 EXPENSES BY NATURE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories	18,338	11,594
Construction cost recognised in cost of sales	132,914	269,350
Auditor's remuneration		
— Audit services	1,550	1,550
— Non-audit services	—	700
Depreciation — property and equipment	409	464
Depreciation — right-of-use assets	2,306	2,306
Oversea travelling expenses	83	381
Employee benefit expenses (including directors' emoluments)	9,738	14,398
Motor vehicle expenses	590	567
Legal and professional fees	4,496	6,224
(Gain)/loss on disposal of property and equipment	(70)	126
Consultancy expenses		
— Fee	369	420
— Share option granted to a consultant	—	606
Others	1,955	3,556
	<u>172,678</u>	<u>312,242</u>
Total cost of sales and administrative expenses	<u>172,678</u>	<u>312,242</u>

6 FINANCE INCOME AND COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finance income		
Interests on:		
— Bank deposits	206	189
	<u>206</u>	<u>189</u>
Finance costs		
Interests on:		
— Bank overdrafts	(556)	(471)
— Trust receipt loans interest	(7,084)	(6,520)
— Bank loans	(198)	(332)
— Bonds issued	(160)	—
— Interest expense on lease liabilities	(228)	(339)
— Loan from a director	(4)	—
Bonds issuing cost	(400)	—
	<u>(8,630)</u>	<u>(7,662)</u>
Finance costs, net	<u>(8,424)</u>	<u>(7,473)</u>

7 INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax for the year ended 31 December 2020 is made for the Company and its Hong Kong subsidiaries as the Company and its Hong Kong subsidiaries had no estimated assessable profit for the year (2019: Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%).

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong profit tax:		
— Current tax for the year	—	2,446
Adjustments for current tax of prior periods	—	155
	<u>—</u>	<u>2,601</u>
Income tax expense	<u>—</u>	<u>2,601</u>

8 (LOSSES)/EARNINGS PER SHARE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Losses)/earnings		
(Loss)/profit attributable to equity holders of the Company, used in calculating basic and diluted earnings per share	<u>(34,099)</u>	<u>2,090</u>

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

	2020 <i>HK cents</i>	2019 <i>HK cents</i>
Total basic (losses)/earnings per share attributable to equity holders of the Company	<u>(2.82)</u>	<u>0.17</u>

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2020 <i>HK cents</i>	2019 <i>HK cents</i>
Total diluted (losses)/earnings per share attributable to equity holders of the Company	<u>(2.82)</u>	<u>0.17</u>

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2020, the Company has not considered the effect of the share options given that the effect is anti-dilutive.

(c) **Weighted average number of shares used as the denominator**

	2020 <i>(In thousand)</i>	2019 <i>(In thousand)</i>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,209,666	1,200,000
Adjustments for calculation of diluted earnings per share:		
— Share options	—	1,881
	<u>1,209,666</u>	<u>1,201,881</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>1,209,666</u>	<u>1,201,881</u>

Share options granted under the Company's Share Option Scheme are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required total return to shareholders return hurdles would have been met based on the Company's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

9 DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

10 TRADE AND RETENTION RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables — third parties	1,102	34,487
Retention receivables — third parties	20,711	24,969
	<u>21,813</u>	59,456
Less: loss allowance	(6,348)	(680)
	<u>15,465</u>	<u>58,776</u>

The ageing analysis of the third-party trade receivables, based on invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Up to 30 days	800	123
31–60 days	—	33,456
61–90 days	15	—
Over 90 days	287	908
	<u>1,102</u>	<u>34,487</u>

11 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Prepayments	–	13
Insurance compensation receivables	489	969
Refundable deposits for potential acquisition of subsidiaries	100	2,000
Other receivables	793	823
	<u>1,382</u>	<u>3,805</u>

12 INVENTORIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finished goods — marble and granite	<u>89,922</u>	<u>62,661</u>

13 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (EXCLUDING BANK OVERDRAFTS)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Pledged bank deposits	<u>34,507</u>	<u>37,385</u>
Cash in bank	213	2,917
Cash on hand	5	5
Cash and cash equivalents	<u>218</u>	<u>2,922</u>

14 TRADE AND RETENTION PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	13,731	7,047
Retention payables	14,801	13,539
	<u>28,532</u>	<u>20,586</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1–30 days	11,562	4,965
31–60 days	–	–
61–90 days	–	–
Over 90 days	2,169	2,082
	<u>13,731</u>	<u>7,047</u>

15 BANK BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank overdrafts	12,243	2,188
Term loans — secured	36,600	661
Trust receipt loans — secured	105,976	139,556
Revolving loans — secured	4,000	4,000
	<u>158,819</u>	<u>146,405</u>

16 SHARE CAPITAL

	Issued and fully paid Number of shares	Amount <i>HK\$'000</i>
Ordinary share of HK\$0.01 each:		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>3,000,000,000</u>	<u>30,000</u>
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	1,200,000,000	12,000
Shares issued under share option scheme	<u>24,000,000</u>	<u>240</u>
At 31 December 2020	<u>1,224,000,000</u>	<u>12,240</u>

17 SHARE-BASED PAYMENT

The establishment of the Company's Share Option Scheme ("Share Option Scheme") was approved by the board of directors (including all the Independent Non-Executive Directors). The Share Option Scheme is designed to provide long-term incentives for grantees to deliver long-term shareholder returns. Except for the share options granted to the Directors, the share options granted are conditional upon achievement of certain performance target. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the Share Option Scheme at the consideration of HK\$1 per grant and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share within fourteen days after receiving a written notice from the grantees exercising the share options and a payment in full of the subscription price.

The exercise price of options is based on the closing price of the Company's shares traded on the Hong Kong Stock Exchange on the date of grant.

	Exercise price per share option	Number of options
As at 1 January 2019	–	–
Granted on 8 July 2019	0.249	<u>47,200,000</u>
As at 31 December 2019	0.249	47,200,000
Exercised during the year	0.249	<u>(24,000,000)</u>
As at 31 December 2020	0.249	<u><u>23,200,000</u></u>
Vested and exercisable at 31 December 2020	0.249	<u><u>23,200,000</u></u>
Vested and exercisable at 31 December 2019	0.249	<u><u>47,200,000</u></u>

No options expired during the periods covered by the above tables.

18 CONTINGENCIES

Performance bonds

As at 31 December 2020, the Group has issued performance bonds in respect of construction contracts through the bank amounted to HK\$5,138,000 (2019: HK\$1,466,000).

Legal cases

During the year ended 31 December 2020, the legal cases of the Group was as follows:

- (i) The workers of the Group's subcontractors initiated claims for personal injuries against certain subsidiaries of the Group. The amount being claimed for all these cases was HK\$878,000. As at the date of this announcement, the plaintiff and the defendants are attempting to resolve the claims through mediation and the amount of the possible obligation cannot be measured with reliability.
- (ii) A previous subcontractor of the Group initiated a claim for payment of service rendered of HK\$8,763,000. As at the date of this announcement, the Group took legal actions to defend against the claim and the likelihood of the plaintiff succeed in the whole of its claim is remote.

19 SUBSEQUENT EVENTS

Details of events occurring after the reporting period are listed as follows:

On 24 February 2021, the Company allotted 23,200,000 shares at HK\$0.249 each upon two Directors exercised their share options of 12,000,000 shares and 1,200,000 shares and allotted 10,000,000 shares at HK\$0.249 each upon consultant of the Group exercised his share options.

On 30 March 2021, PMG Investments Limited, the substantial shareholders of the Company, had sold 10,000,000 shares by a stockbroker of it under a financing arrangement. The shares being sold represented 0.8% of the total issued share capital of the Company as at 30 March 2021.

RESULT

Mainly due to the unexpected worsen and prolonged impact of the COVID-19 pandemic, most of the stone supply and installation services and stone sales projects undertaken by the Group were significantly delayed. The Group faced the most difficult and tough year since its establishment.

Although certain projects' status were resumed normal in late 2020, the overall performance of the Group was not satisfactory. For the year ended 31 December 2020, the Group still recorded a revenue of approximately HK\$170.3 million (2019: HK\$324.3 million), representing a significant decrease of 47.5% compared with that in the year ended 31 December 2019.

The Group recorded a decrease of gross profit for the year ended 31 December 2020 by approximately HK\$24.2 million or 55.9% from approximately HK\$43.3 million in 2019 to HK\$19.1 million in 2020. In the view of the adverse economic environment in Hong Kong, the Group also made provision for loss allowance of the contract assets and trade and retention receivable of approximately HK\$25.4 million for certain projects based on the impairment assessment.

Although the Group had undertaken certain cost cutting measures, such as the salary reduction for the key management, the Group still recorded a significant decrease of profit and total comprehensive income for the year ended 31 December 2020 by approximately HK\$36.2 million and recorded a loss for the year of approximately HK\$34.1 million.

As at 31 December 2020, certain bank borrowings with a total principal amount of approximately HK\$30,091,000 were overdue due to the construction projects' delay. However, no formal demand letters were received from the relevant banks for immediate repayment and the Group's banking facilities had been renewed without changes in the key terms and conditions.

INDUSTRY REVIEW

In 2020, the Group maintained its business focus on the supply and installation of marble product contracts in Hong Kong. The Group also developed its business in stone sales projects. However, the adverse impact of the ongoing COVID-19 pandemic and the deterioration of the general economic environment on the Group's businesses has been unprecedented. Majority of the Group's ongoing projects had been delayed.

In addition, the effect of COVID-19 vaccine and the performance of the local property market are still uncertain at the moment, which may affect the tendering activities of the construction industry. At the same time, the increasing cost of building materials and construction labour costs posted negative impact on the performance of the construction section in Hong Kong, resulting in the thinner profit margin for the Group.

COVID-19 remains a significant risk to the Group and its business operations, and is likely to remain so well into 2021. Nevertheless, the management had tried the best to get the operations back on track as effectively and efficiently by closely working with its consumers, suppliers and subcontractors. As one of the leading marble subcontractor in Hong Kong, the Board is still confident about the future prospects of the Group.

GROUP PERFORMANCE

The Group's overall performance in 2020 was not satisfactory. Its profit for the year ended 31 December 2020 had significantly decreased and the Group recorded a loss for the year of approximately HK\$34.1 million.

The profit decrease was mainly due to (i) the worsen of the impact of the COVID-19 in the year caused delaying in the progress of most of the stone supply and installation services projects undertaken by the Group. As a result, the Group recorded a significantly decrease in gross profit for approximately HK\$24.2 million as compared with the gross profit for the corresponding period in 2019; (ii) the slightly decrease in gross profit margin from approximately 13.4% in 2019 to 11.2% in 2020; (iii) the provision for loss allowance of the contract assets and trade and retention receivable of approximately HK\$25.4 million for certain projects based on the impairment assessment by management; and (iv) the increase in finance cost of approximately HK\$0.97 million due to the extension of certain trust receipt loans with banks and the additional interest charged on the overdue borrowings.

The decrease in profit during the year had been offset by the significant decrease in administrative expenses by approximately HK\$9.9 million, which mainly due to the decrease in employee benefit expenses under the cost cutting scheme of the Group and the decrease in the legal and professional fees.

Revenue

The Group generated revenue from the foundation projects we undertook. The Group recorded a revenue of approximately HK\$170.3 million for the year ended 31 December 2020, representing a significant decrease of 47.5% compared with that in the year ended 31 December 2019. The decrease is mainly due to the fact that majority of the projects undertaken by the Group were delayed.

Hong Kong

Revenue in Hong Kong decreased by approximately HK\$148.7 million or 57.7% in 2020 since most of the projects undertaken by the Group were delayed in the year. For certain projects' variation orders, the certification and quality review procedures had been longer due to the impact of COVID-19 pandemic.

Macau

The Group focus primarily on hotel development projects in Macau. Revenue in Macau had slightly decreased by approximately HK\$5.2 million or 7.8% in 2020.

Administrative expenses

The administrative expenses of the Group in 2020 was approximately HK\$21.5 million, representing a decrease of approximately HK\$9.9 million or 31.5% as compared to approximately HK\$31.3 million in 2019. The decrease was mainly due to: (i) the decrease in wages, salaries and bonuses (excluding amount included in construction contracts) by approximately HK\$4.7 million mainly due to the cost cutting measure of the Group and the decrease in overall headcount; and (ii) the decrease in legal and professional fee by approximately HK\$1.7 million since the Group had terminated the potential major transactions as compared to that of 2019.

The travelling expense and other general administrative expense had also decreased under the cost cutting measure.

(Loss)/profit attributable to equity holders of the Company

Based on the above, loss attributable to equity holders of the Company was approximately HK\$34.1 million for the year ended 31 December 2020, as compared to the profit attribute to equity holders of approximately HK\$2.1 million for the year ended 31 December 2019.

Dividend

The Directors do not recommend the payment of final dividend for the year ended 31 December 2020 (2019: same).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through its retained profits, borrowings and cash inflows from operating activities. As at 31 December 2020, the capital structure of the Group consisted of equity of approximately HK\$124.0 million (31 December 2019: HK\$152.1 million) and debt (the most significant portion is the bank borrowings) of approximately HK\$158.8 million (31 December 2019: HK\$146.4 million). For details, please refer to the paragraph headed “Bank borrowings” below.

Due to the difficult operation environment in 2020, most of the construction projects of the Group were delayed and thus the receivables collection cycle had unexpectedly procrastinated. As a result, the Group failed to repay certain trust receipt loans to the banks by the due date during the year. Such trust receipt loans were secured by the assets of the Group, including the trade and retention receivables, pledged deposits and contract assets, and were cross guaranteed by the Group’s subsidiaries to the bank.

However, as at the report date, the Group has not received any formal demand letters from the banks for immediate repayment, and the bank borrowing facilities granted to the Group is still effective.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to the banks, including speed up the project status and receivable collection cycle, the repayment of trust receipts loan principal and interest of approximately HK\$34.9 million to the bank subsequent to the balance sheet date and actively discussed and agreed the repayment plans with the relevant banks to extend the principal subsequent to the due date. The Group expected that there would be no overdue payments to the banks in late 2021 by settling the overdue balance in accordance with the repayment plans. In addition, since status of the on-going projects have been caught up gradually since late 2020, the Group is able to speed up the receivable collection period in 2021.

Based on the cash flow projections cover a period of not less than twelve months from 31 December 2020 and the measurements mentioned in Note 2.1, the Group is expected to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020, subject to the multiple uncertainties as mentioned in Note 2.1.

The Group remains committed to a high degree of financial control, a prudent risk management and a full utilisation of financial resources.

Cash position and fund available

The Group maintained the liquidity position by managing its gearing ratio and its current ratio. As at 31 December 2020, the current ratio of the Group was approximately 1.6 times (31 December 2019: 1.8 times). Its gearing ratio was 50% (31 December 2019: 41%).

The Group's current ratio was calculated as the current assets divided by the current liabilities as at the end of the respective years. Its gearing ratio was calculated as the net debts (bank borrowings less the bank and cash balance and pledged bank deposits) divided by the total capital as at the end of the respective years and multiplied by 100%.

As at 31 December 2020, the Group's bank and cash balance were approximately HK\$0.2 million (31 December 2019: HK\$2.9 million). It has pledged bank deposits of approximately HK\$34.5 million (31 December 2019: HK\$37.4 million) to secure the Group's banking facilities. The decrease in cash and cash equivalents was mainly due to the increase in inventories and contract assets for the projects undertaken during the year, while most of the projects of the Group were delayed in their work status.

Bank borrowings

As at 31 December 2020, the Group had total bank borrowings of approximately HK\$158.8 million (31 December 2019: HK\$146.4 million). As at 31 December 2020, the Group had aggregate banking facilities of approximately HK\$174.9 million (2019: HK\$174.9 million).

The banking facilities were still effective as at the report date.

FOREIGN EXCHANGE RISK

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

CONTINGENT LIABILITIES

As at 31 December 2020, the Group has issued performance bonds in respect of construction contracts through the bank amounted to HK\$5,138,000 (2019: HK\$1,466,000). Among these performance bonds, approximately HK\$1.5 million were related to the construction contracts that completed or substantially completed during the year.

During the year ended 31 December 2020, the legal cases of the Group was as follows:

- (i) The workers of the Group's subcontractors initiated claims for personal injuries against certain subsidiaries of the Group. The amount being claimed for all these cases was HK\$878,000. As at the date of this announcement, the plaintiff and the defendants are attempting to resolve the claims through mediation and the amount of the possible obligation cannot be measured with reliability.
- (ii) A previous subcontractor of the Group initiated a claim for payment of service rendered of HK\$8,763,000. As at the date of this announcement, the Group took legal actions to defend against the claim and the likelihood of the plaintiff succeed in the whole of its claim is remote.

HUMAN RESOURCES

As at 31 December 2020, the Group had 21 full-time employees who were directly employed by the Group. Total staff costs including Directors' emoluments for the year ended 31 December 2020, amounted to approximately HK\$9.7 million (2019: approximately HK\$14.4 million). The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee. During the year ended 31 December 2020, there has not been any incident of strike or labour shortage which adversely affected the Group's operations. In addition, the Group has not experienced any significant problem with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed its own shares through the Stock Exchange or otherwise.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control and to enhance the transparency and accountability of the Board to all Shareholders. Except for the disclosure below, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Chairman and Chief Executive Officer

The roles of the chairman and chief executive of the Company have not been segregated as required by the code provision A.2.1 of the Code. Mr. Lui Yue Yun, Gary ("**Mr. Lui**") is the chairman of the Company and the founder of the Group. The Board considers that vesting the roles of both chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is adequately ensured by the Board which comprise experienced and high caliber individuals with a sufficient number of them being independent non-executive directors of the Company ("**Independent Non-Executive Directors**"). Therefore, it has a strong independent element in its composition.

Full details on the Company's corporate governance practices will be set out in the Company's 2020 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee, with its terms of reference established in compliance with the Listing Rules, is composed of all the three Independent Non-Executive Directors (Mr. Ko Tsz Kin, Mr Choi Hok Ya and Mr. Ng Yau Wah Daniel). The Audit Committee has reviewed the management and accounting policies adopted by the Group and discussed auditing issues, risk management and internal control system, and financial reporting matters.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

REMUNERATION COMMITTEE

The Remuneration Committee, with its terms of reference established in compliance with the Listing Rules, was set up with the responsibility of making recommendations to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee is composed of the Chairman of the Board (Mr. Lui) and two Independent Non-Executive Directors (Mr. Ng Yau Wah Daniel and Mr. Ko Tsz Kin).

NOMINATION COMMITTEE

The Nomination Committee, with its terms of reference established in compliance with the Listing Rules, is composed of the Chairman of the Board (Mr. Lui) and two Independent Non-Executive Directors (Mr. Ng Yau Wah Daniel and Mr. Ko Tsz Kin). The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed change.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2020:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in Note 2.1(a) to the consolidated financial statements, the Group reported a net loss attributable to the equity holders of the Company of HK\$34,099,000 and had a net cash used in operation of HK\$18,403,000 for the year ended 31 December 2020. As at 31 December 2020, the Group's current bank borrowings was HK\$158,819,000, while its total cash and bank balance was HK\$34,725,000 which included pledged bank deposits of HK\$34,507,000.

As at 31 December 2020, certain bank borrowings with a total principal amount of HK\$30,091,000 were overdue. Subsequent to the balance sheet date, other bank borrowings with a total principal amount of HK\$61,612,000 became overdue. In addition, default interests have been charged to the unsettled overdue borrowings by the respective banks. The Group is not able to draw down new borrowings from its bank facilities since 20 November 2020 and any further draw down is subject to approval by the relevant banks.

As at 31 December 2020, the total bank borrowings of HK\$132,817,000, including (i) the abovementioned overdue balances with a total principal amounts of HK\$91,703,000; (ii) bank borrowings with a total principal amount of HK\$37,114,000 with original contractual repayment dates during the year ending 31 December 2021; and (iii) a bank borrowing with principal amount of HK\$4,000,000 with original contractual repayment date after one year, all borrowed from the same abovementioned banks, would be immediately repayable if requested by the banks in accordance with the underlying bank facilities letters. Although the Group has not received any formal demand letters from the relevant banks, all the aforementioned bank borrowings have been classified as current liabilities as at 31 December 2020.

In accordance with the underlying bank facilities letters, performance bonds issued through a bank aforementioned of HK\$5,138,000 might be cancelled by the bank, which might result in non-compliance with the relevant construction contracts if the Group is not able to replace them with other equivalent performance bonds.

These conditions, together with other matters described in Note 2.1(a) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and in an effort to remediating the delayed repayments to the relevant banks, which are set out in Note 2.1(a) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiation with the banks for extension of the bank borrowings and granting waiver of their rights arising from the events of default, such that the banks will not enforce their rights of requesting for immediate repayment and the bank facilities will continue to be available to the Group; (ii) performance bonds issued through bank guarantee would not be cancelled by the bank such that the Group will be able to continue to fulfil its obligations under the relevant construction contracts; (iii) the successful conclusion of the Holdco Facility as mentioned in Note 2.1(a), the successful draw down by the Group to the extent of HK\$150,000,000, as and when necessary, and continuing support from the immediate holding company to enable the granting of this facility and to observe whatever requirements imposed by the lender to ensure continuing availability of this facility; (iv) the successful implementation of the business plans to monitor the on-going impact of the COVID-19 outbreak on the business and to accelerate the certification, billing and collection process with customers for completed projects and accelerate the stone sales; (v) the successful negotiation with customers for payments of deposits prior to the commencement of projects and suppliers and subcontractors to extend the settlement terms for its purchase; (vi) the receipt of the proceeds from the two directors for the exercised share options; and (vii) the successful obtaining of additional new sources of financing as and when needed. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 December 2020.

ANNUAL REPORT

The 2020 Annual Report will be despatched to Shareholders and will be published on the websites of the Stock Exchange (www.hkex.com.hk) as well as the website of the Company (www.anchorstone.com.hk) in due course.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 29 June 2021. Notice of Annual General Meeting will be published on the websites of the Stock Exchange and the Company, and despatched to Shareholders in due course.

Shareholders whose names appear on the register of members of the Company on 29 June 2021 are entitled to attend and vote at the AGM. The register of members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East Hong Kong, no later than 4:30 p.m. on Wednesday, 23 June 2021.

On behalf of the Board
Anchorstone Holdings Limited
Lui Yue Yun Gary
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Lui Yue Yun Gary, Ms. Lui Po Kwan Joyce, Mr. Lui Edwin Wing Yiu and Mr. Fung Wai Hang, and the Independent non-Executive Directors are Mr. Ko Tsz Kin, Mr. Choi Hok Ya and Mr. Ng Yau Wah Daniel.