

WORLD SUPER HOLDINGS LIMITED

維亮控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8612

Interim Report 2019



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



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FINANCIAL HIGHLIGHTS

The board (the “Board”) of Directors (the “Directors”) of World Super Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018 as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	
Revenue	24,472,699	18,482,747	32.4%
Gross profit	13,341,625	9,929,232	34.4%
Profit for the period	1,180,600	3,590,845	(67.1)%
Profit for the period (excluding listing expenses)	5,252,398	3,881,630	35.3%

The Group’s revenue for the six months ended 30 June 2019 amounted to approximately HK\$24.5 million, representing an increase of 32.4% as compared with that of the corresponding period in previous year.

Gross profit for the six months ended 30 June 2019 increased by 34.4% to approximately HK\$13.3 million.

Profit for the six months ended 30 June 2019 was approximately HK\$1.2 million.

Profit for the six months ended 30 June 2019 was approximately HK\$1.2 million and, if listing expenses incurred for obtaining a listing of the Company’s shares on the GEM of the Stock Exchange were excluded, the profit for the six months ended 30 June 2019 would be approximately HK\$5.3 million, representing an increase of 35.3% as compared with the corresponding period in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Business Review

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

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 increased from approximately HK\$11.2 million for the six months ended 30 June 2018 to approximately HK\$19.3 million for the six months ended 30 June 2019. The increase is due to more owned fleet was used.

General sales from trading of machinery, tools and parts

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

The general sales decreased from approximately HK\$6.7 million for the six months ended 30 June 2018 to approximately HK\$4.4 million for the six months ended 30 June 2019. The decrease is mainly due to the decrease in trading of construction machinery, which is partially offset by the increase in trading of tools and parts.

Provision of transportation and other services

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

The transportation and other services income increased from approximately HK\$0.5 million for the six months ended 30 June 2018 to approximately HK\$0.8 million for the six months ended 30 June 2019. The increase is mainly due to more transportation service fees charged to customers.

Prospects

2019 marked a milestone for the Company as its shares were successfully listed on GEM of the Stock Exchange on 12 July 2019 (the "Listing"). We are very pleased that the Company has received keen interest to the public offer of its shares. Through the Listing, the Group obtained public funding to finance its future development and further capturing the opportunities in the construction market of Hong Kong and Macau.

Looking forward, global economic instability and the recent local political unrest post uncertainties to the construction industry in Hong Kong. The Company foresees difficulties in business development in the year ahead. However, we will continue to implement our business strategies as set out in the prospectus of the Company dated 27 June 2019 (the "Prospectus"), in order to increase the Group's income such that we can share our fruitful results with 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 and transportation and other services income.

The Group's revenue increased from approximately HK\$18.5 million for the six months ended 30 June 2018 to approximately HK\$24.5 million for the six months ended 30 June 2019, representing an increase of approximately 32.4% which mainly due to the increase in plant hire income. The increase in plant hire income is due to more owned fleet was used.

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 six months ended 30 June 2019, the Group's cost of sales and services amount to approximately HK\$11.1 million (for the six months ended 30 June 2018: approximately HK\$8.6 million).

Administrative Expenses

Administrative expenses mainly include staff costs, depreciation on right of use assets and listing expenses. For the six months ended 30 June 2019, the Group's administrative expenses amounted to approximately HK\$7.4 million (for the six months ended 30 June 2018: approximately HK\$3.5 million). The increment is mainly due to the increase in the listing expenses from approximately HK\$0.3 million for the six months ended 30 June 2018 to approximately HK\$4.1 million for the six months ended 30 June 2019.

Taxation

The Group recorded income tax expenses of approximately HK\$1.2 million and HK\$0.8 million for the six months ended 30 June 2019 and 2018 respectively, mainly because of the increase in taxable profit for the six months ended 30 June 2019.

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

Profit for the Period

For the six months ended 30 June 2019, the Group's profit for the period was approximately HK\$1.2 million (for the six months ended 30 June 2018: approximately HK\$3.6 million), which was mainly attributable to the increase in listing expenses from approximately HK\$0.3 million for the six months ended 30 June 2018 to approximately HK\$4.1 million for the six months ended 30 June 2019. If listing expenses incurred for obtaining the Listing were excluded, the profit for the six months ended 30 June 2019 would be approximately HK\$5.3 million, representing an increase of 35.3% as compared with the corresponding period in the previous year.

Liquidity and Financial Resources

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 Share Offer (as defined in the Prospectus) of the Company's shares.

As at 30 June 2019, the Group had bank balances and cash of approximately HK\$0.8 million (31 December 2018: approximately HK\$0.3 million) and pledged bank deposits of approximately HK\$2.9 million (31 December 2018: approximately HK\$2.9 million). The increase was mainly from the receipts of cash generated from operating activities.

The interest-bearing loans of the Group as at 30 June 2019 was approximately HK\$57.1 million (31 December 2018: approximately HK\$69.9 million).

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 30 June 2019 was approximately 103.6% (31 December 2018: approximately 179.4%).

Significant Investments Held

During the six months ended 30 June 2019, 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\$91.3 million and HK\$94.8 million and motor vehicles with an aggregate net book value of approximately HK\$0.7 and HK\$0.9 million as at 30 June 2019 and 31 December 2018, respectively, were pledged under finance leases.

As at 30 June 2019, the Group has pledged bank deposit of approximately HK\$2.9 million (31 December 2018: 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

In the ordinary course of the Group's plant hire service, trading of new or used construction machinery, tools and parts, and transportation and other services, 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. 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 30 June 2019, the Group did not have any significant capital commitments (31 December 2018: approximately HK\$8,749,000).

Capital Structure

The Company's shares were successfully listed on GEM on 12 July 2019 (the "Listing Date"). There has been no change in the capital structure of the Company since the Listing Date and up to the date of this report. 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.

Future Plans for Material Investments and Capital Assets

As at 30 June 2019, save for the business plans set out in the Prospectus, the Group did not have other plans for material investments and capital assets acquisition.

Material Acquisitions and Disposals

During the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Employees and Remuneration Policy

As at 30 June 2019, the Group employed 14 full-time employees (not including our Directors) and two part-time employees (30 June 2018: 13 full-time employees and two part-time employees). Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences.

Use of Proceeds

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

The designated uses set out in the Prospectus as follows:

- approximately HK\$15.3 million will be used for purchasing new construction machinery for strengthening our rental fleet;
- approximately HK\$10.3 million will be used for settling the consideration payable for a newly acquired crawler crane;
- approximately HK\$22.7 million will be used for repaying bank borrowings and finance leases;
- approximately HK\$1.5 million will be used for recruiting and expanding our team of skilled and technical personnel; and
- approximately HK\$5.5 million will be used for working capital.

As the Listing Date was subsequent to 30 June 2019, the Group has yet to implement its business strategies as set out in the Prospectus during the period ended 30 June 2019. The Group will endeavour to achieve the milestone events as stated in the Prospectus in the next two financial years.

Charges on the Group's Assets and Contingent Liabilities

As at 30 June 2019, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the six months ended 30 June 2019)

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Revenue	3	13,857,698	10,833,731	24,472,699	18,482,747
Cost of sales and services		(5,246,327)	(5,365,978)	(11,131,074)	(8,553,515)
Gross profit		8,611,371	5,467,753	13,341,625	9,929,232
Other income		13,787	653,160	17,097	769,398
Other operating expenses		(529,090)	(297,211)	(1,097,687)	(441,340)
Administrative expenses		(5,031,669)	(1,910,897)	(7,376,989)	(3,513,750)
Selling and distribution expenses		(237,098)	(237,729)	(501,528)	(533,068)
Finance costs		(1,068,452)	(895,383)	(2,043,042)	(1,784,840)
Profit before taxation	4	1,758,849	2,779,693	2,339,476	4,425,632
Income tax	5	(906,207)	(514,822)	(1,158,876)	(834,787)
Profit for the period attributable to owners of the Company		852,642	2,264,871	1,180,600	3,590,845
Other comprehensive income for the period		—	—	—	—
Total comprehensive income for the period attributable to owners of the Company		852,642	2,264,871	1,180,600	3,590,845
Earnings per share:					
Basic and diluted (HK\$ cents)	7	0.19	0.50	0.26	0.80

The accompanying notes form an integral part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2019)

	Note	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Non-current assets			
Plant and equipment	8	128,393,023	106,245,193
Right of use assets	8	726,391	1,400,478
		129,119,414	107,645,671
Current assets			
Inventories		1,114,505	1,404,505
Trade and other receivables	9	14,593,625	13,526,512
Bank balances and cash		838,987	313,138
Pledged bank deposits		2,908,545	2,902,912
		19,455,662	18,147,067
Current liabilities			
Trade and other payables	10	28,197,852	9,867,245
Borrowings — due within one year	11	7,290,164	7,373,304
Obligations under finance leases — due within one year	12	43,456,218	44,026,065
Convertible bonds — due within one year	13	—	14,482,003
Bank overdrafts		5,218,712	1,489,724
Lease liabilities — current portion	14	706,317	1,225,497
		84,869,263	78,463,838
Net current liabilities		(65,413,601)	(60,316,771)
Total assets less current liabilities		63,705,813	47,328,900
Non-current liabilities			
Borrowings — due after one year	11	—	594,306
Obligations under finance lease — due after one year	12	396,029	526,802
Deferred tax liabilities		8,171,876	7,013,000
Lease liabilities — non current portion	14	30,684	212,384
		8,598,589	8,346,492
Net assets		55,107,224	38,982,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2019)

	Note	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Capital and reserves			
Issued capital	15	1	1
Reserves		55,107,223	38,982,407
Total equity		55,107,224	38,982,408

The interim financial report was approved and authorised for issue by the board of directors on 13 August 2019 and were signed on its behalf by:

Sou Peng Kan Albert
Director

Fok Hei Yuen Paul
Director

The accompanying notes form an integral part of this interim financial report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(For the six months ended 30 June 2019)

	Issued capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note i)	Convertible bonds equity reserve HK\$ (Note ii)	Retained profits HK\$	Total HK\$
At 1 January 2018 (audited)	1	—	5,499,999	864,000	21,592,288	27,956,288
Profit and total comprehensive income for the period	—	—	—	—	3,590,845	3,590,845
At 30 June 2018 (unaudited)	1	—	5,499,999	864,000	25,183,133	31,547,133
At 1 January 2019 (audited)	1	3,000,000	5,499,999	864,000	29,618,408	38,982,408
Profit and total comprehensive income for the period	—	—	—	—	1,180,600	1,180,600
Issue of shares upon conversion of convertible bonds	—	14,944,216	—	—	—	14,944,216
Transfer of convertible bonds reserve upon conversion of convertible bonds	—	864,000	—	(864,000)	—	—
At 30 June 2019 (unaudited)	1	18,808,216	5,499,999	—	30,799,008	55,107,224

Notes:

- (i) Merger reserve represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of World Super Limited, a subsidiary which was acquired by the Company pursuant to the Group Reorganisation (as defined in the Prospectus).
- (ii) The convertible bonds equity reserve represents the equity component of convertible bonds issued by the Company. Items included in convertible bonds equity reserve will not be reclassified subsequently to profit or loss.

The accompanying notes form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(For the six months ended 30 June 2019)

	Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Net cash generated from operating activities	19,014,842	6,079,630
Investing activities		
Purchase of plant and equipment	(8,412,171)	(3,012,461)
Proceeds from disposal of plant and equipment	351,000	891,700
Other cash flow arising from investing activities	40	10
Net cash used in investing activities	(8,061,131)	(2,120,751)
Financing activities		
Interest paid	(1,418,924)	(1,219,126)
New borrowings raised	—	3,000,000
Repayment of borrowings	(677,446)	(643,142)
Repayment of obligations under finance leases	(8,555,120)	(5,900,736)
Payment of listing expenses	(2,777,079)	(290,785)
Repayment of lease liabilities	(728,281)	(728,279)
Net cash used in financing activities	(14,156,850)	(5,782,068)
Net decrease in cash and cash equivalents	(3,203,139)	(1,823,189)
Cash and cash equivalents at 1 January	(1,176,586)	(3,881,898)
Cash and cash equivalents at 30 June	(4,379,725)	(5,705,087)
Cash and cash equivalents at end of the periods represented by		
Bank balances and cash	838,987	235,118
Bank overdrafts	(5,218,712)	(5,940,205)
	(4,379,725)	(5,705,087)

The accompanying notes form an integral part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 February 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 3403, 34/F., AIA Tower 183 Electric Road, North Point, Hong Kong respectively.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial information of the Group for each of the six months ended 30 June 2019 and 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial information should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2018.

The accounting policies and method of computation used in the preparation of unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except as described below.

Adoption of new/revised HKFRS

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, does not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT REPORTING

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.

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

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

Segment information about these reportable and operating segments is presented below.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location is as follows:

Revenue from contracts with customers within the scope of HKFRS 15	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Disaggregated by major products of service lines				
— General sales	1,064,994	4,727,472	4,395,464	6,728,412
— Transportation and other service income	287,700	313,400	772,990	543,650
	1,352,694	5,040,872	5,168,454	7,272,062
Revenue from other sources				
— Plant hire income	12,505,004	5,792,859	19,304,245	11,210,685
	13,857,698	10,833,731	24,472,699	18,482,747
Disaggregated by geographical location of customers				
— Hong Kong	10,442,697	4,104,678	16,711,610	8,630,177
— Macau	3,415,001	6,729,053	5,779,616	9,852,570
— Philippines	—	—	1,981,473	—
	13,857,698	10,833,731	24,472,699	18,482,747

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment revenue and result

For the six months ended 30 June 2019 (unaudited)

	General sales from trading of machinery, tools and parts HK\$ (Unaudited)	Plant hire income HK\$ (Unaudited)	Transportation and other services income HK\$ (Unaudited)	Total HK\$ (Unaudited)
Disaggregated by timing of revenue recognition				
Point in time	4,395,464	—	772,990	5,168,454
Over time	—	19,304,245	—	19,304,245
Revenue from external customers	4,395,464	19,304,245	772,990	24,472,699
Results				
Segment results	909,540	11,081,244	254,385	12,245,169
Unallocated income				17,097
Unallocated expense				(9,922,790)
Profit before taxation				2,339,476

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment revenue and result (Continued)

For the six months ended 30 June 2018 (unaudited)

	General sales from trading of machinery, tools and parts HK\$ (Unaudited)	Plant hire income HK\$ (Unaudited)	Transportation and other services income HK\$ (Unaudited)	Total HK\$ (Unaudited)
Disaggregated by timing of revenue recognition				
Point in time	6,728,412	—	539,800	7,268,212
Over time	—	11,210,685	3,850	11,214,535
Revenue from external customers	6,728,412	11,210,685	543,650	18,482,747
Results				
Segment results	2,638,827	6,705,783	144,558	9,489,168
Unallocated income				769,398
Unallocated expense				(5,832,934)
Profit before taxation				4,425,632

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

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resources allocation and assessment of performance.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Interest on bank borrowings	97,903	136,076	198,662	253,719
Interest on bank overdrafts	98,080	92,370	171,368	181,849
Interest on other borrowings	97,676	—	134,504	—
Interest on finance leases	539,800	393,973	1,048,894	783,558
Interest on lease liabilities	11,578	20,454	27,401	45,133
Effective interest expense on Convertible Bonds	223,415	252,510	462,213	520,581
	1,068,452	895,383	2,043,042	1,784,840

(b) Staff costs (including directors' emoluments)

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Salaries, allowances and other benefits	1,533,459	1,305,583	3,062,994	2,616,111
Bonus	—	—	—	—
Retirement benefits scheme contributions	47,002	39,380	92,524	78,206
	1,580,461	1,344,963	3,155,518	2,694,317

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

4. PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Cost of general sales	955,894	3,194,599	3,485,924	4,089,585
Depreciation on plant and equipment				
— owned assets	2,375,216	305,076	969,449	603,921
— assets held under finance lease	1,411,104	1,177,761	2,816,871	2,288,856
Depreciation on right of use assets	337,043	336,673	674,087	673,345
Listing expenses	3,412,798	290,785	4,071,798	290,785

5. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income tax in the statement of profit or loss and other comprehensive income represents:

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax				
— Hong Kong profit tax	—	—	—	—
Deferred taxation	906,207	514,822	1,158,876	834,787
	906,207	514,822	1,158,876	834,787

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the periods.

There is no Macau tax implication during the periods. Macau segment result is included in Hong Kong tax implication during the periods.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

6. DIVIDENDS

No dividend has been paid or declared by the Group during the six months ended 30 June 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

7. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Three months ended		Six months ended	
	30.6.2019 HK\$ (Unaudited)	30.6.2018 HK\$ (Unaudited)	30.6.2019 HK\$ (Unaudited)	30.6.2018 HK\$ (Unaudited)
Earnings				
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	852,642	2,264,871	1,180,600	3,590,845
Number of shares				
Issued ordinary shares (weighted average number of ordinary shares for purpose of basic earning per share)	449,999,967	449,999,956	449,999,965	449,999,956
Basic earnings per share (HK\$ cents)	0.19	0.50	0.26	0.80

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share has been retrospectively adjusted for the 449,999,856 shares which were issued pursuant to the Capitalisation Issue (as defined in the Prospectus).

Diluted earnings per share for the six months ended 30 June 2019 and 2018 were the same as the basic earnings per share because the conversion of all potential ordinary shares arising from convertible bonds will have an anti-dilutive effect.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

8. CAPITAL EXPENDITURES

During the six months ended 30 June 2019, the Group acquired plant and equipment for a total cost of approximately HK\$26.3 million (year ended 31 December 2018: approximately HK\$32.6 million). Items of plant and equipment with a carrying amount of approximately \$0.3 million were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK\$0.1 million), resulting in a gain on disposal of \$0.1 million (six months ended 30 June 2018: approximately HK\$0.8 million).

During the six months ended 30 June 2019 and 2018, the Group did not enter into any lease agreement which is required to be recognised as right of use asset.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Trade receivables	11,093,829	10,304,809
Deposits paid	292,786	906,981
Prepayments	3,207,010	2,311,608
Other receivables	—	3,114
	14,593,625	13,526,512

The following is an aging analysis of trade receivable presented based on the invoice date at the end of each reporting period:

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Within 30 days	2,801,316	1,989,189
31 - 60 days	3,633,111	3,732,078
61 - 90 days	1,918,694	3,220,400
91 - 120 days	1,778,991	722,531
121 - 365 days	961,717	640,611
	11,093,829	10,304,809

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

The management of the Group has individually assessed all receivables by taking into account the length of business relationship, reputation and repayment history of each of its customers. No impairment loss was recognised during the periods.

As at 30 June 2019 and 31 December 2018, included in the Group's trade receivable balances were debtors with an aggregate carrying amount of approximately HK\$8,536,000 and HK\$8,319,000, respectively, which were past due at the end of each reporting period for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Over due:		
Within 30 days	3,831,061	2,760,757
31-60 days	1,963,898	3,545,015
61-90 days	1,549,391	1,372,916
91-120 days	1,103,600	375,000
121-365 days	87,717	265,611
	8,535,667	8,319,299

The management of the Group considers that there has not been a significant change in credit quality of the trade receivables from the date credit was initially granted up to the reporting date. In view of the good settlement history from those receivables which are past due but not impaired as at 30 June 2019 and 31 December 2018, the management of the Group considers that no provision for impairment is necessary in respect of these balances.

10. TRADE AND OTHER PAYABLES

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Trade payables	19,570,372	1,625,592
Accrued expenses	5,496,358	3,176,032
Deposits and temporary received	3,131,122	5,065,621
	28,197,852	9,867,245

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

10. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aging analysis of trade payables presented based on invoice date at the end of each reporting period:

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Within 30 days	5,489,062	493,710
30 - 60 days	984,066	290,825
61 - 90 days	1,724,740	219,531
Over 90 days	11,372,504	621,526
	19,570,372	1,625,592

11. BORROWINGS

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Secured bank borrowings	1,290,164	1,967,610
Unsecured bank borrowings	6,000,000	6,000,000
Bank borrowings	7,290,164	7,967,610
	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Borrowings that do not contain a repayable on demand clause:		
Within one year	1,290,164	1,373,304
More than one year, but not more than five years	—	594,306
Borrowings that contain a repayable on demand clause (shown under current liabilities):		
Within one year	6,000,000	6,000,000
More than one year, but not more than five years	—	—
	7,290,164	7,967,610
Less: Amounts due within one year shown under current liabilities	(7,290,164)	(7,373,304)
Amounts shown under non-current liabilities	—	594,306

As at 30 June 2019 and 31 December 2018, the Group's borrowings are secured by the equipment with carrying amounts of approximately HK\$5.5 million and HK\$5.8 million respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

12. OBLIGATIONS UNDER FINANCE LEASES

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Analysed for reporting purposes as:		
Current liabilities	43,456,218	44,026,065
Non-current liabilities	396,029	526,802
	43,852,247	44,552,867

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 approximately HK\$28.7 million and HK\$28.8 million have been reclassified from non-current liabilities to current liabilities as at 30 June 2019 and 31 December 2018 respectively.

	Minimum lease payments At 30 June		Present value of minimum lease payments	
	2019 HK\$ (Unaudited)	2018 HK\$ (Audited)	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Within one year or contain a repayable on demand clause	47,011,127	47,668,797	43,456,218	44,026,065
In the second to fifth year inclusive	411,622	551,818	396,029	526,802
	47,422,749	48,220,615	43,852,247	44,552,867
Less: Future finance charges	(3,570,502)	(3,667,748)	—	—
Present value of finance lease obligations	43,852,247	44,552,867	43,852,247	44,552,867
Less: carrying amounts that are due for settlement within twelve months or contain a repayable on demand clause (shown under current liabilities)			(43,456,218)	(44,026,065)
Amount due shown under non-current liabilities			396,029	526,802

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 finance leases outstanding as at 30 June 2019 and 31 December 2018 ranged from 4 to 5 years and 4 to 5 years respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

12. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

As at 30 June 2019 and 31 December 2018, the Group's borrowings, bank overdrafts and obligations under finance leases are secured and guaranteed by:

- the leased assets;
- personal guarantees given by the Group's directors and/or shareholders, Mr. Sou Peng Kan Albert and Mr. Fok Hei Yuen Paul; and
- pledged deposits of the Group of approximately HK\$2.9 million.

13. CONVERTIBLE BONDS

The Company issued 8% Convertible Bonds (as defined in the Prospectus) in the principal amount of HK\$12,000,000 on 30 May 2016. The Convertible Bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them in full at five business days before the latest practicable date prior to the issue of the prospectus in relation to the listing of shares of the Company on the Stock Exchange. The number of conversion shares represents 25% of the entire issued share capital of the Company immediately before listing of shares and 18.75% of the entire issued share capital of the Company upon listing of shares. No interest shall be payable by the Company if the entire conversion rights attaching to the Convertible Bonds are exercised before the maturity date, which is on the first anniversary of the date of issue of convertible bonds. The Convertible Bonds shall bear interest at a coupon rate of eight per cent per annum on the outstanding principal amount of the Convertible Bonds calculated from the date of issue of the Convertible Bonds to and including the maturity date. The Company shall not be permitted to redeem the entire or part of the outstanding amount under the Convertible Bonds before the maturity date.

The Convertible Bonds contain two components, liability and equity elements. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component is 16.38% per annum.

By the supplemental instrument and agreement dated 28 March 2017, 4 May 2018 and 24 May 2019 (the "Supplemental Instrument"), the maturity date of the Convertible Bonds was extended to 30 May 2018, 30 May 2019 and 31 August 2019 (new maturity date) and the conversion period will accordingly be extended.

On 18 December 2018, Trade Mass Limited disposed of all its Convertible Bonds in the principal amount of HK\$6,000,000 to two purchasers namely, Integrated Asset Management (Asia) Limited and Mr. Yang Fan, at the consideration of HK\$4,000,000 and HK\$2,000,000, respectively. Completion of the aforesaid transfers took place on the same date.

Save as amended for the maturity date and the use of proceeds by the Supplemental Instrument, all terms of the Convertible Bonds remain unchanged.

On 24 June 2019, all the Convertible Bonds were converted into 36 ordinary shares of the Company of HK\$0.01 each upon the approval of the Listing by the Stock Exchange as set out in note 15(d).

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

13. CONVERTIBLE BONDS (CONTINUED)

The movement of the liability component of the Convertible Bonds for the year/period is set out below:

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Carrying amount at the beginning of the period/year	14,482,003	13,473,214
Interest charge	462,213	1,008,789
Interest paid	—	—
Converted during the period	(14,944,216)	—
Carrying amount at the end of the period/year	—	14,482,003
Analysed for reporting purpose as		
Current liabilities	—	14,482,003
Non-current liabilities	—	—
	—	14,482,003

14. LEASE LIABILITIES

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Analysed for reporting purposes as:		
Current liabilities	706,317	1,225,497
Non-current liabilities	30,684	212,384
	737,001	1,437,881

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

14. LEASE LIABILITIES (CONTINUED)

The average lease term entered by the Group for the obligation under obligating leases as at 30 June 2019 and 31 December 2018 ranged from 2 to 3 years.

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Amounts payable under obligating leases				
Within one year	720,210	1,263,690	706,317	1,225,497
More than one year but less than five years	30,800	215,600	30,684	212,384
	751,010	1,479,290	737,001	1,437,881
Less: future finance charges	(14,009)	(41,409)	—	—
Present value of obligation under obligating leases	737,001	1,437,881	737,001	1,437,881
Less: carrying amounts that due for settlement within twelve months			(706,317)	(1,225,497)
Amount due for settlement after twelve months			30,684	212,384

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

15. SHARE CAPITAL

	30 June 2019		31 December 2018	
	Number of shares (Unaudited)	Share capital HK\$ (Unaudited)	Number of shares (Audited)	Share capital HK\$ (Audited)
Ordinary shares of HK\$0.01 each (1 January 2019 and 31 December 2018: HK\$0.01 each)				
Authorized share capital				
At beginning of period/year (a)	38,000,000	380,000	38,000,000	380,000
Increase in authorised shares (b)	7,962,000,000	79,620,000	—	—
At end of period/year	8,000,000,000	80,000,000	38,000,000	380,000
Issued & fully paid				
At beginning of period/year	108	1	100	1
Issued during the period/year (c)	—	—	8	—*
Issued of shares upon conversion of Convertible Bonds (d)	36	— [#]	—	—
At end of period/year	144	1	108	1

- (a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 26 February 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On 21 June 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of an additional 7,962,000,000 shares of HK\$0.01 each.
- (c) On 30 November 2018, the Company allotted and issued 8 shares of HK\$0.01 each to Mr. Sou Peng Kan Albert at a consideration of HK\$3,000,000.
- (d) On 24 June 2019, the Company allotted and issued 36 shares of HK\$0.01 each to the Convertible Bondholders (as defined in the Prospectus) for the conversion of Convertible Bonds with principal amount of HK\$12,000,000 pursuant to the respective subscription agreement(s) for the Convertible Bonds entered by the Group on 30 May 2016.

* Issued capital for the year less than HK\$0.1.

Issued capital for the period less than HK\$0.5.

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

16. OPERATING LEASE COMMITMENTS

Operating lease commitments

The Group as lessee

As at 30 June 2019 and 31 December 2018, the Group had contracted for the following future minimum lease payments under non-cancellable operating lease which fall due as follows:

	At 30 June 2019 HK\$'000 (Unaudited)	At 31 December 2018 HK\$'000 (Audited)
Within one year	1,787,385	92,137
In the second to fifth years inclusive	—	—
	1,787,385	92,137

Operating lease payments represent rentals payable by the Group for certain of its machines.

The Group as lessor

Income earned from leasing of machinery during the six months ended 30 June 2019 is HK\$19,304,245 (six months ended 30 June 2018: HK\$11,210,685). Leases are negotiated on a monthly basis.

As at 30 June 2019 and 31 December 2018, the Group had contracted with customers for the following further minimum lease payments:

	At 30 June 2019 HK\$ (Unaudited)	At 31 December 2018 HK\$ (Audited)
Within one year	25,630,206	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2019)

17. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited condensed consolidated financial report, the Group and the Company has entered into the following transactions with related parties:

- (a) Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 4(b) is as follows:

	Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Short-term employee benefits (note 1&2)	874,800	999,667
Post-employment benefits (note 2)	—	5,343
	874,800	1,005,010

Note:

- (1) It included benefit in kind which represented the payment for settlement of lease liabilities of directors' quarter of approximately HK\$185,000 (six months ended 30 June 2018: approximately HK\$185,000).
- (2) During the six months ended 30 June 2018, it included short-term employee benefits of HK\$154,867 paid to So Pui Yin, Director of the Company resigned in April 2018, and related post-employment benefits of HK\$5,343.
- (b) During the periods, the Group entered into the following transactions with related parties in which some directors have beneficial interests:

	Six months ended 30 June	
	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
Proceeds received from: So Pui Yin (Note)	—	3,700

The proceeds were received for the disposal of plant and equipment. The management of the Group considers that the above transactions are conducted in the ordinary and usual course of the Company's businesses.

Note: Director of the Company resigned in April 2018.

- (c) As at 30 June 2019 and 31 December 2018, certain banking facilities were secured by the personal guarantees from related parties of the Group.

**NOTES TO THE UNAUDITED INTERIM
FINANCIAL STATEMENTS**

(For the six months ended 30 June 2019)

18. CAPITAL COMMITMENTS

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Capital expenditure in respect of acquisition of plant and equipment		
Contract but not provided for	—	8,749,479
Authorized but not contracted for	—	—
	—	8,749,479

19. EVENTS AFTER THE REPORTING PERIOD

a) Capitalisation Issue

On 9 July 2019, the Board passed a resolution to allot and issue 449,999,856 shares by way of capitalisation of a total sum of HK\$4,499,999 standing to the credit of the share premium account of the Company credited as fully paid at par to the shareholders as appearing on the register of members of the Company.

b) Share Offer

On 12 July 2019, 150,000,000 ordinary shares of HK\$0.01 each were issued by way of Share Offer at a price of HK\$0.55 per share raising gross proceeds of approximately HK\$82,500,000.



OTHER INFORMATION

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Purchase, Sale or Redemption of the Listed Securities

During the period from the Listing Date to the date of this report, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of shares of the Company.

Directors' Securities Transactions

The Company has adopted a code of conduct for securities transactions by Directors (the "Code") which is on terms no less exacting than the required standard against which issuers and their directors must measure their conduct regarding transactions in securities of their issuers (the "Required Standard of Dealings") under rules 5.48 to 5.67 of the GEM Listing Rules. The Company made specific enquiry with all Directors and has not been notified of any non-compliance with the Required Standard of Dealings and the Code by the Directors as at the date of this report.

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations

As the Company was not listed on the GEM as at 30 June 2019, the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), Section 352 of the SFO and rules 5.46 to 5.67 of the GEM Listing Rules were not applicable to the Directors and chief executives of the Company as at 30 June 2019.

As at the date of this report, 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 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:

Long Positions in the Shares

Name of Shareholder	Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Mr. Sou Peng Kan Albert ("Mr. Sou")	Beneficial interest and interest of spouse	262,500,000 (Note 1)	43.75%
Ms. Chu Wing Yee ("Ms. Chu")	Beneficial interest and interest of spouse	262,500,000 (Note 2)	43.75%
Mr. Fok Hei Yuen Paul ("Mr. Fok")	Beneficial interest	75,000,000	12.50%
Ms. Yang Mei Lan ("Ms. Yang")	Interest of spouse	75,000,000 (Note 3)	12.50%

Notes:

- (1) Out of the 262,500,000 shares, 228,125,000 shares are registered in the name of Mr. Sou. The remaining 34,375,000 shares are registered in the name of Ms. Chu. 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.
- (2) Out of the 262,500,000 shares, 34,375,000 shares are registered in the name of Ms. Chu. The remaining 228,125,000 shares are registered in the name of Mr. Sou. Since 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.
- (3) The 75,000,000 shares are registered in the name of Mr. Fok. As Ms. Yang is the spouse of Mr. Fok, Ms. Yang is deemed to be interested in all the shares which Mr. Fok is regarded to be interested in under the SFO.

Save as disclosed above, as at the date of this report, none of the Directors nor the chief executives of the Company had 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 Short Positions in Shares and Underlying Shares

As the Company was not listed on the GEM as at 30 June 2019, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at 30 June 2019. As at the date of this report, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

OTHER INFORMATION

Long Positions in the Shares

Name of Shareholder	Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding in Company
Mr. Sou	Beneficial interest and interest of spouse	262,500,000 (Note 1)	43.75%
Ms. Chu	Beneficial interest and interest of spouse	262,500,000 (Note 2)	43.75%
Mr. Fok	Beneficial interest	75,000,000	12.50%
Ms. Yang	Interest of spouse	75,000,000 (Note 3)	12.50%
Integrated Asset Management (Asia) Limited	Beneficial interest	37,500,000	6.25%
Mr. Yam Tak Cheung	Interest in a controlled corporation	37,500,000 (Note 4)	6.25%
Rosy Dragon Global Limited	Beneficial interest	56,250,000	9.375%
Mr. Sze Chun Lee	Interest in a controlled corporation	56,250,000 (Note 5)	9.375%

Notes:

- (1) Out of the 262,500,000 shares, 228,125,000 shares are registered in the name of Mr. Sou and the remaining 34,375,000 shares are registered in the name of Ms. Chu. As 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.
- (2) Out of the 262,500,000 shares, 34,375,000 shares are registered in the name of Ms. Chu and the remaining 228,125,000 shares are registered in the name of Mr. Sou. 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.
- (3) The 75,000,000 shares are registered in the name of Mr. Fok. As Ms. Yang is the spouse of Mr. Fok, Ms. Yang is deemed to be interested in all the shares which Mr. Fok is interested in under the SFO.
- (4) The 37,500,000 shares are registered in the name of Integrated Asset Management (Asia) Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yam Tak Cheung. Under the SFO, Mr. Yam Tak Cheung is deemed to be interested in all the shares held by Integrated Asset Management (Asia) Limited.
- (5) The 56,250,000 shares are registered in the name of Rosy Dragon Global Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Sze Chun Lee. Under the SFO, Mr. Sze Chun Lee is deemed to be interested in all the shares held by Rosy Dragon Global Limited.

Save as disclosed herein, as at the date of this report, the Directors are not aware of any person who had 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.

Share Option Scheme

The Company has a share option scheme (the "Scheme") which was approved and adopted by the shareholders of the Company pursuant to the written resolutions passed on 21 June 2019. As at the date of this report, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Scheme.

Directors' Rights To Acquire Shares

At no time during the period from the Listing Date to the date of this report, were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interests in Contracts of Significance

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2019.

Compliance with the Deed of Non-Competition

For the purpose of the listing of the Company, each of Mr. Sou and Ms. Chu, 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 period from the Listing Date to the date of this report.

Competing Interests

For the period from the Listing Date to the date of this report, 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.

Changes of Directors' Information

Upon specific enquiry by the Company and following confirmations from Directors, 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 publication of the Company's Prospectus.

OTHER INFORMATION

Compliance with Practices on Corporate Governance Code

The Directors consider that for the period from the Listing Date to the date of this report, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the 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 30 June 2019, 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.

AUDIT COMMITTEE

The Company has established an audit committee (“Audit Committee”) with the written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of the Group and provide advice and comments to the Board. As at the date of this report, the Audit Committee consists of four members who are Mr. Leung Man Chiu Lawrence, Mr. Lee Tak Fai Thomas, Mr. Yau Lut Pong Leo and Mr. Yue Wai Leung Stan, comprising one non-executive Director and three independent non-executive Directors. Mr. Lee Tak Fai Thomas is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019.

The condensed consolidated financial results of the Group for the six months ended 30 June 2019 have not been audited by the Company’s auditor.

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

Hong Kong, 13 August 2019

As at the date of this report, the executive Directors are Mr. Sou Peng Kan Albert and Mr. Fok Hei Yuen Paul; the non-executive Director is Mr. Leung Man Chiu Lawrence; and the independent non-executive Directors are Mr. Lee Tak Fai Thomas, Mr. Yau Lut Pong Leo and Mr. Yue Wai Leung Stan.

This report will remain on the Stock Exchange’s website at www.hkexnews.hk and on the “Latest Company Announcements” page for at least seven days from the date of its posting. This report will also be published on the Company’s website at www.worldsuperhk.com.