



**WLS Holdings Limited**

**滙隆控股有限公司\***

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8021)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 APRIL 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED  
("STOCK EXCHANGE")**

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

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

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*This announcement, for which the directors ("Directors") of WLS Holdings Limited ("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 ("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 announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

## ANNUAL RESULTS

The board of Directors (“Board”) of the Company announces the consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 30 April 2021, together with comparative audited figures for the preceding financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>			
Revenue	3	150,206	139,516
Cost of sales		<u>(78,164)</u>	<u>(80,759)</u>
Gross profit		72,042	58,757
Other income	5	6,647	2,215
Other gains and (losses)	6	(47,356)	(78,194)
Operating and administrative expenses		(42,680)	(43,996)
Fair value changes on investment properties		(4,500)	(8,080)
Gain on disposal of property, plant and equipment		829	81
Loss on write-off of property, plant and equipment		(391)	(25)
Impairment loss recognised in respect of goodwill and intangible asset		–	(34,954)
Gain on disposal of subsidiaries		12,255	–
Finance costs	7	<u>(9,775)</u>	<u>(9,795)</u>
Loss before taxation		(12,929)	(113,991)
Taxation	8	<u>(6)</u>	<u>8,986</u>
Loss for the year from continuing operations	9	<u>(12,935)</u>	<u>(105,005)</u>
Discontinued operation			
Loss for the year from discontinued operation	10	<u>(3,153)</u>	<u>(5,754)</u>
Loss for the year		<u><b>(16,088)</b></u>	<u><b>(110,759)</b></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)***For the year ended 30 April 2021*

	<i>NOTES</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company:			
– from continuing operations		<b>(13,750)</b>	(103,134)
– from discontinued operation		<b>(3,153)</b>	(5,754)
		<b>(16,903)</b>	(108,888)
Profit (loss) for the year attributable to non-controlling interests:			
– from continuing operations		<b>815</b>	(1,871)
		<b>(16,088)</b>	(110,759)
From continuing and discontinued operations			
Loss per share – basic and diluted	<i>12</i>	<b>(HK\$0.118 cent)</b>	(HK\$0.758 cent)
From continuing operations			
Loss per share – basic and diluted	<i>12</i>	<b>(HK\$0.096 cent)</b>	(HK\$0.718 cent)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(16,088)</b>	(110,759)
Other comprehensive income (expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on equity instruments		
at fair value through other comprehensive income (“FVTOCI”)	<b>627</b>	(2,323)
Disposal of equity instrument at FVTOCI	<b>33</b>	–
	<hr/>	<hr/>
Other comprehensive income (expense) for the year, net of taxation	<b>660</b>	(2,323)
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Total comprehensive expense for the year	<b>(15,428)</b>	(113,082)
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Total comprehensive expense for the year attributable to owners of the Company:		
– from continuing operations	<b>(13,090)</b>	(105,457)
– from discontinued operation	<b>(3,153)</b>	(5,754)
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	<b>(16,243)</b>	(111,211)
Total comprehensive income (expense) attributable to non-controlling interests:		
– from continuing operations	<b>815</b>	(1,871)
	<hr/>	<hr/>
	<b>(15,428)</b>	(113,082)
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Investment properties		–	48,900
Property, plant and equipment		4,284	11,130
Right-of-use assets		3,315	7,585
Goodwill		–	–
Intangible asset		–	–
Interests in associates and a joint venture		–	–
Equity instruments at FVTOCI		9,852	9,255
Loan and interest receivables	13	266,429	311,224
Deposits and other receivables		791	755
Deferred tax assets		9,793	9,874
		<u>294,464</u>	<u>398,723</u>
<b>Current assets</b>			
Loan and interest receivables	13	205,746	151,218
Prepayments, deposits and other receivables		13,796	7,938
Trade receivables	14	25,662	27,206
Contract assets		9,970	7,997
Inventories		1,226	451
Financial assets at fair value through profit or loss (“FVTPL”)		64,643	22,686
Tax recoverable		13	13
Bank balances and cash – trust account		2	2
Bank balances and cash – general accounts		44,053	78,298
		<u>365,111</u>	<u>295,809</u>
Assets classified as held for sale	15	<u>51,490</u>	<u>37,587</u>
		<u>416,601</u>	<u>333,396</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 April 2021

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	<b>31,072</b>	28,249
Contract liabilities		<b>6,767</b>	9,097
Lease liabilities	<i>17</i>	<b>3,809</b>	5,084
Retention monies payables		<b>3,411</b>	1,642
Tax payable		<b>648</b>	648
Bank borrowings	<i>18</i>	<b>47,859</b>	45,113
Other loan and other borrowings	<i>19</i>	<b>80,000</b>	82,000
Bank overdrafts	<i>18</i>	<b>21,812</b>	19,396
		<u><b>195,378</b></u>	<u>191,229</u>
Liabilities associated with assets classified as held for sale	<i>15</i>	<u><b>6,305</b></u>	<u>12,035</u>
		<u><b>201,683</b></u>	<u>203,264</u>
<b>Net current assets</b>		<u><b>214,918</b></u>	<u>130,132</u>
<b>Total assets less current liabilities</b>		<u><b>509,382</b></u>	<u>528,855</u>
<b>Non-current liabilities</b>			
Lease liabilities	<i>17</i>	<b>305</b>	4,141
Deferred tax liabilities		<b>189</b>	365
		<u><b>494</b></u>	<u>4,506</u>
<b>Net assets</b>		<u><b>508,888</b></u>	<u>524,349</u>
<b>Capital and reserves</b>			
Share capital		<b>143,670</b>	143,670
Reserves		<b>377,683</b>	393,959
Equity attributable to the owners of the Company		<b>521,353</b>	537,629
Non-controlling interests		<b>(12,465)</b>	(13,280)
<b>Total equity</b>		<u><b>508,888</b></u>	<u>524,349</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

	Attributable to the owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses			Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 May 2019	143,670	560,230	191,087	2,222	7,280	(36,043)	(222,407)	646,039	(11,409)	634,630
Loss for the year	-	-	-	-	-	-	(108,888)	(108,888)	(1,871)	(110,759)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(2,323)	-	(2,323)	-	(2,323)
Total comprehensive expense for the year	-	-	-	-	-	(2,323)	(108,888)	(111,211)	(1,871)	(113,082)
Recognition of equity-settled share-based payment	-	-	-	-	2,801	-	-	2,801	-	2,801
Lapse of share options	-	-	-	-	(7,280)	-	7,280	-	-	-
<b>At 30 April 2020</b>	<b>143,670</b>	<b>560,230</b>	<b>191,087</b>	<b>2,222</b>	<b>2,801</b>	<b>(38,366)</b>	<b>(324,015)</b>	<b>537,629</b>	<b>(13,280)</b>	<b>524,349</b>

	Attributable to the owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses			Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 May 2020	143,670	560,230	191,087	2,222	2,801	(38,366)	(324,015)	537,629	(13,280)	524,349
Loss for the year	-	-	-	-	-	-	(16,903)	(16,903)	815	(16,088)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	627	-	627	-	627
Disposal of equity instrument at FVTOCI	-	-	-	-	-	33	(33)	-	-	-
Total comprehensive expense for the year	-	-	-	-	-	660	(16,936)	(16,276)	815	(15,461)
Lapse of share options	-	-	-	-	(1,422)	-	1,422	-	-	-
<b>At 30 April 2021</b>	<b>143,670</b>	<b>560,230</b>	<b>191,087</b>	<b>2,222</b>	<b>1,379</b>	<b>(37,706)</b>	<b>(339,529)</b>	<b>521,353</b>	<b>(12,465)</b>	<b>508,888</b>

### Notes:

- The contributed surplus of the Group represents the amount transferred from share premium amount upon the cancellation of the entire amount standing to the credit of the share premium account as at 28 August 2014 pursuant to a special resolution passed by the shareholders at an extraordinary general meeting held on that date.
- The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal value for the issued share capital of the subsidiaries acquired pursuant to the Group's reorganisation on 23 November 2001.
- The share option reserve of the Group represents the fair value of share options granted at the relevant grant dates and outstanding as at end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on GEM of the Stock Exchange. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and the principal place of business of the Company in Hong Kong is located at Rooms 1001-1006, 10th Floor, Tower A, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

The principal activities of the Group are the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work, money lending business, securities investment business and assets management business.

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

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

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 May 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to HKFRS 16 COVID-19-Related Rent concessions beyond 30 June 2021.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Groups’ financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



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

### **Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material**

The Group has applied Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specify reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

### **Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021**

The amendment extends the practical expedient available to lessees in accounting for COVID-19-related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

The Group has early applied the amendment in the current year. The application had no material impact on the consolidated financial statements.

### **New and amendments to HKFRSs issued but not yet effective**

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

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

### New and amendments to HKFRSs issued but not yet effective (Continued)

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>2</sup>

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

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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the Group’s financial positions and performance and/or on the disclosures to the Group in the foreseeable future.

### 3. REVENUE

For the year ended 30 April 2021

(a) *Disaggregation of revenue from contracts with customers*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers from continuing operations:</b>		
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and buildings work	96,601	92,690
Assets management business	<u>1,848</u>	<u>2,034</u>
	<b>98,449</b>	94,724
<b>Revenue from other sources:</b>		
Loan interest income	<u>51,757</u>	<u>44,792</u>
Total revenue from continuing operations	<u><b>150,206</b></u>	<u>139,516</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Timing of revenue recognition from continuing operations:</b>		
Over time	<u><b>98,449</b></u>	<u>94,724</u>

Revenue from contracts with customer from discontinued operation of securities brokerage and margin financing business amounted to HK\$784,000 (2020: HK\$457,000) are recognised at a point in time.

### 3. REVENUE (Continued)

For the year ended 30 April 2021 (Continued)

**(b) Performance obligations for contracts with customers from continuing operations**

*Scaffolding, fitting out and other auxiliary services for construction and buildings work*

The Group provides scaffolding, fitting out and other auxiliary services for construction and buildings work. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using output method.

*Assets management business*

Assets management services to customers are recognised over time as the Group provides assets management services and the customers simultaneously receives and consumes the benefit provided by the Group. The assets management income is charged at a fixed percentage per annum of the asset value of the accounts under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account. Management fee is normally due on account opening date and the subsequent anniversary date while performance fee is normally due at the end of the relevant performance period.

**(c) Performance obligations for contracts with customers from discontinued operation**

*Securities brokerage and margin financing*

The Group provides securities brokerage and margin financing services to customers. Commission income from securities brokerage and margin financing is determined at a certain percentage of the transaction value of the trades executed and is recognised as income on the date the trades are executed. Normal settlement terms are one or two days after trade date, unless specifically agreed with counterparties.

### 3. REVENUE (Continued)

For the year ended 30 April 2021 (Continued)

(d) *Transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) for contracts with customers that remain outstanding as at reporting date and the expected timing at recognising revenue is set out below:*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Scaffolding, fitting out and other auxiliary services for construction and buildings work		
Within one year	<b>80,113</b>	283,168
More than one year but not more than two years	<b>32,448</b>	28,444
More than two years	<b>783</b>	1,511
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Total	<b>113,344</b>	313,123
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### 4. SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the reports, reviewed by the chief operating decision-maker (“CODM”), that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group’s business and the profit of the Group as a whole. For the year ended 30 April 2021, the Group has four operating and reportable segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, (iii) securities investment business, and (iv) assets management business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

The segment information reported does not include any amounts for the securities brokerage and margin financing business which are classified as discontinued operation and described in more details in note 10.

#### 4. SEGMENT INFORMATION (Continued)

##### Segment revenues and results and segment assets and liabilities

The following is an analysis of the Group's revenue and results and assets and liabilities by operating and reportable segment.

##### For the year ended 30 April 2021

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Continuing operations:</b>					
<b>REVENUE</b>					
External revenue	<u>96,601</u>	<u>51,757</u>	<u>–</u>	<u>1,848</u>	<u>150,206</u>
Other gains and (losses)	(433)	(6,218)	17,577	–	10,926
Net impairment losses recognised arising from ECL	(3,862)	(54,420)	–	–	(58,282)
Other income	<u>4,331</u>	<u>–</u>	<u>17</u>	<u>812</u>	<u>5,160</u>
Total	<u>96,637</u>	<u>(8,881)</u>	<u>17,594</u>	<u>2,660</u>	<u>108,010</u>
Segment result	<u>(4,678)</u>	<u>(46,976)</u>	<u>47,117</u>	<u>241</u>	<u>(4,296)</u>
Fair value changes on investment properties					(4,500)
Gain on disposal of a subsidiaries					12,255
Gain on disposal of property, plant and equipment					829
Loss on disposal and write-off of property, plant and equipment					(391)
Finance costs					(9,775)
Unallocated corporate income					1,487
Unallocated corporate expenses					(8,538)
Loss before taxation					<u>(12,929)</u>
<b>At 30 April 2021</b>					
<b>ASSETS</b>					
Segment assets	<u>48,313</u>	<u>504,836</u>	<u>82,527</u>	<u>1,816</u>	<u>637,492</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>94,429</u>	<u>83,270</u>	<u>2,939</u>	<u>1,247</u>	<u>181,885</u>

#### 4. SEGMENT INFORMATION (Continued)

##### Segment revenues and results and segment assets and liabilities (Continued)

For the year ended 30 April 2020

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Continuing operations:</b>					
<b>REVENUE</b>					
External revenue	92,690	44,792	–	2,034	139,516
Other gains and (losses)	(385)	–	(17,793)	(2,038)	(20,216)
Net impairment losses recognised arising from ECL	(832)	(57,146)	–	–	(57,978)
Impairment loss recognised in respect of intangible asset	–	–	–	(34,600)	(34,600)
Other income	259	100	1,129	74	1,562
Total	91,732	(12,254)	(16,664)	(34,530)	28,284
Segment result	(9,639)	(38,599)	9,386	(38,761)	(77,613)
Fair value changes on investment properties					(8,080)
Gain on disposal of property, plant and equipment					81
Impairment loss recognised in respect of goodwill					(354)
Loss on disposal and write-off of property, plant and equipment					(25)
Finance costs					(9,795)
Unallocated corporate income					653
Unallocated corporate expenses					(18,858)
Loss before taxation					(113,991)
<b>At 30 April 2020</b>					
<b>ASSETS</b>					
Segment assets	50,646	498,250	53,533	3,226	605,655
<b>LIABILITIES</b>					
Segment liabilities	94,888	78,363	42,811	2,765	218,827

#### 4. SEGMENT INFORMATION (Continued)

##### Segment revenues and results and segment assets and liabilities (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 30 April 2021 and 2020.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profits earned by/loss from each segment without allocation of fair value changes on investment properties, gain on disposal of subsidiaries, gain on disposal of property, plant and equipment, impairment loss recognised in respect of goodwill, loss on write-off of property, plant and equipment, finance costs, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than investment properties, certain right-of-use assets, certain deferred tax assets, certain property, plant and equipment, certain prepayments and deposits and other receivables and certain bank balances and cash and assets classified as held for sale;
- all liabilities are allocated to reportable and operating segments other than certain other payables, certain lease liabilities, certain tax payables, certain other loan and other borrowings and liabilities associated with assets classified as held for sale.

##### Other Segment Information

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Major amounts included in the measure of segment results and segment assets from continuing operations:</b>						
<b>For the year ended 30 April 2021</b>						
Capital expenditure	(1,819)	-	-	-	-	(1,819)
Depreciation of property, plant and equipment	(1,381)	-	-	(10)	(637)	(2,028)
Depreciation of right-of-use assets	(3,346)	-	-	-	(872)	(4,218)
Impairment loss of right-of-use assets	-	-	-	-	-	-
Fair value changes on investment properties	-	-	-	-	(4,500)	(4,500)
Gain on disposal of property, plant and equipment	829	-	-	-	-	829
Loss on write-off of property, plant and equipment	(391)	-	-	-	-	(391)
Fair value gain on financial assets at FVTPL, net	-	-	18,059	-	-	18,059
Loss on disposal of financial assets at FVTPL	-	-	(483)	-	-	(483)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



#### 4. SEGMENT INFORMATION (Continued)

##### Other Segment Information (Continued)

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Major amounts included in the measure of segment results and segment assets from continuing operations:</b>						
<b>For the year ended 30 April 2020</b>						
Capital expenditure	(2,104)	–	–	(51)	(83)	(2,238)
Depreciation of property, plant and equipment	(4,039)	–	–	(10)	(539)	(4,588)
Depreciation of right-of-use assets	(1,771)	–	–	(897)	(150)	(2,818)
Impairment loss of right-of-use assets	–	–	–	(2,038)	–	(2,038)
Fair value changes on investment properties	–	–	–	–	(8,080)	(8,080)
Gain on disposal of property, plant and equipment	81	–	–	–	–	81
Impairment loss recognised in respect of goodwill	–	–	–	–	(354)	(354)
Loss on write-off of property, plant and equipment	–	–	–	–	(25)	(25)
Fair value loss on financial assets at FVTPL, net	–	–	(16,785)	–	–	(16,785)
Loss on disposal of financial assets at FVTPL	–	–	(1,008)	–	–	(1,008)

##### Geographical segments

The geographical location of customers from continuing operations is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Revenue		Specified non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	<u>150,206</u>	<u>139,516</u>	<u>4,284</u>	<u>60,030</u>

#### 4. SEGMENT INFORMATION (Continued)

##### Information on major customers

During the year ended 30 April 2021, the Group had transactions with one (2020: one) customer who contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from these major customers is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue earned from scaffolding, fitting out and other auxiliary services for construction and buildings work:		
Customer 1	53,679	66,599
Customer 2	<u>12,218</u>	<u>7,930</u>

#### 5. OTHER INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental income	881	432	–	–	881	432
Management fee income	525	60	–	–	525	60
Sundry income	339	427	–	59	339	486
Government subsidy ( <i>note</i> )	4,710	50	380	–	5,090	50
Covid-19-related rent concession	90	37	–	–	90	37
Interest income	100	1,206	–	174	100	1,380
Foreign exchange gains, net	2	3	–	–	2	3
	<u>6,647</u>	<u>2,215</u>	<u>380</u>	<u>233</u>	<u>7,027</u>	<u>2,448</u>

*Note:* During the current year, the Group recognised government grants of HK\$4,710,000 in respect of Covid-19 related subsidies of which HK\$4,556,000 relates to Employment Support Scheme, HK\$124,000 relates to Anti-epidemic Fund and the remaining relates to one-off subsidy for transport trades provided by the HKSAR government.

## 6. OTHER GAINS AND (LOSSES)

	Continuing operations		Discontinued operation		Consolidated	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value gain (loss) on financial assets at FVTPL, net	18,059	(16,785)	-	-	18,059	(16,785)
Loss on disposal of financial assets at FVTPL	(483)	(1,008)	-	-	(483)	(1,008)
Impairment loss of right-of-use assets	-	(2,038)	-	-	-	(2,038)
Net impairment losses (recognised) reversed arising from ECL on:						
- Loan and interest receivables	(54,420)	(57,146)	-	-	(54,420)	(57,146)
- Trade receivables	(3,649)	(832)	-	-	(3,649)	(832)
- Contract assets	(213)	23	-	-	(213)	23
Reversal of write-off of trade receivables	-	1,099	-	-	-	1,099
Reversal of write-off of contract assets	-	200	-	-	-	200
Write-off of trade receivables	-	(1,707)	-	-	-	(1,707)
Write-off of other receivables	(432)	-	-	-	(432)	-
Write-off of loan and interest receivables	(6,218)	-	-	-	(6,218)	-
	<u>(47,356)</u>	<u>(78,194)</u>	<u>-</u>	<u>-</u>	<u>(47,356)</u>	<u>(78,194)</u>

## 7. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings and bank overdrafts	2,990	2,974	-	-	2,990	2,974
Interest on other loan and other borrowings	6,450	6,536	-	-	6,450	6,536
Interest on lease liabilities	335	285	142	66	477	351
	<u>9,775</u>	<u>9,795</u>	<u>142</u>	<u>66</u>	<u>9,917</u>	<u>9,861</u>

## 8. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Taxation comprises:						
Hong Kong Profits Tax						
Current year charged	-	554	-	-	-	554
Under provision in prior year	-	64	-	-	-	64
Deferred tax						
Current year charged (credited)	<u>6</u>	<u>(9,604)</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>(9,604)</u>
	<u><b>6</b></u>	<u><b>(8,986)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>6</b></u>	<u><b>(8,986)</b></u>

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

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

## 9. LOSS FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after (crediting) charging:						
Write-off of long-aged trade payables	-	(40)	-	-	-	(40)
Auditor's remuneration						
- audit service	678	870	67	115	745	985
- non-audit service	125	170	-	-	125	170
Cost of inventories recognised as an expense	9,318	4,624	-	-	9,318	4,624
Fair value (gain) loss on financial assets at FVTPL						
- Held for trading	(18,059)	16,930	-	-	(18,059)	16,930
- Designated as FVTPL	-	(145)	-	-	-	(145)
	<u>(18,059)</u>	<u>16,785</u>	<u>-</u>	<u>-</u>	<u>(18,059)</u>	<u>16,785</u>
Depreciation of property, plant and equipment	2,028	4,588	-	231	2,028	4,819
Depreciation of right-of-use assets	4,218	2,818	-	467	4,218	3,285
Gross rental income from investment properties	881	432	-	-	881	432
Less: direct operating expenses incurred for investment properties that generate rental income during the year	(264)	(120)	-	-	(264)	(120)
	<u>617</u>	<u>312</u>	<u>-</u>	<u>-</u>	<u>617</u>	<u>312</u>
Staff costs including directors' emoluments						
- Basis salaries, bonus, other benefits and retirement benefit scheme contributions	38,237	40,845	1,819	618	40,056	41,463
- Share-based payment expenses	-	2,801	-	-	-	2,801
	<u>38,237</u>	<u>43,646</u>	<u>1,819</u>	<u>618</u>	<u>40,056</u>	<u>44,264</u>

## 10. DISCONTINUED OPERATION

On 11 December 2019, the Company as vendor entered into a sale and purchase agreement (the “S&P Agreement”) with Mr. Tsang Pui Lan Patrick (the “Buyer”) as purchaser, being independent third party of the Group, pursuant to which the Company conditionally agreed to sell, and the Buyer conditionally agreed to buy the entire issued share capital of two wholly-owned subsidiaries of the Company, together with their respective wholly-owned subsidiaries (the “Disposed Subsidiaries”) which were engaged in the securities brokerage and margin financing business (the “Disposal”), for a cash consideration of HK\$7,000,000 plus the net asset value of Disposed Subsidiaries as at completion date. The disposal has been completed on 17 December 2020. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	784	457
Other income	380	233
Operating and administrative expenses	(4,175)	(6,378)
Finance costs	(142)	(66)
	<u>          </u>	<u>          </u>
Loss for the year from discontinued operation	<u><u>(3,153)</u></u>	<u><u>(5,754)</u></u>

During the year ended 30 April 2021, the discontinued operation of the Group used cashflow of HK\$15,000,000 (2020: generated cashflow of HK\$14,505,000) in respect of operating activities, cashflow of Nil (2020: used cashflow of HK\$1,040,000) in respect of investing activities and used generated cashflow of HK\$1,317,000 (2020: HK\$3,332,000) in respect of financing activities.

## 11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 30 April 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

## 12. LOSS PER SHARE

### Basic and diluted loss per share

#### (a) *From continuing and discontinued operations*

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u><u>16,903</u></u>	<u><u>108,888</u></u>

## 12. LOSS PER SHARE (Continued)

### Basic and diluted loss per share (Continued)

#### (a) From continuing and discontinued operations (Continued)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>14,367,101,072</b>	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	<u>117,375,297</u>	<u>220,649,237</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><b>14,484,476,369</b></u>	<u>14,587,750,309</u>

No diluted loss per share is presented for both years since the assumed exercise of the share options would result in a decrease in diluted loss per share.

#### (b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year from continuing operations	<u>13,750</u>	<u>103,134</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

No diluted loss per share from continuing operations is presented for both years since the assumed exercise of the share options would result in a decrease in diluted loss per share.

#### (c) From discontinued operation

For the year end 30 April 2021, basic loss per share from discontinued operation was HK\$0.02 cents per share (2020: HK\$0.04 cents per share), which were calculated based on the loss from discontinued operation for the year of HK\$3,153,000 (2020: HK\$5,754,000) and the denominators detailed above.

### 13. LOAN AND INTEREST RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan and interest receivables	598,401	536,489
Less: Allowance for credit losses	<u>(126,226)</u>	<u>(74,047)</u>
	<u><u>472,175</u></u>	<u><u>462,442</u></u>

The exposure of the Group's fixed rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts fall due within one year	205,746	151,218
Amounts fall due within one to second year	185,107	101,899
Amounts fall due within second to fifth year	<u>81,322</u>	<u>209,325</u>
	<u><u>472,175</u></u>	<u><u>462,442</u></u>

At the reporting date, loan and interest receivables consisted of:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts secured with guarantor	34,471	20,688
Amounts secured with securities ( <i>Note a</i> )	98,960	123,870
Amounts secured with properties ( <i>Note b</i> )	8,002	6,217
Amounts unsecured	<u>330,742</u>	<u>311,667</u>
	<u><u>472,175</u></u>	<u><u>462,442</u></u>



### 13. LOAN AND INTEREST RECEIVABLES (Continued)

Notes:

- (a) The securities are ordinary shares of companies listed on the Stock Exchange.
- (b) The properties are situated in Hong Kong.

As at 30 April 2021, included in the Group's loan and interest receivables balance are debtors with aggregate gross carrying amount of approximately HK\$52,759,000 (2020: HK\$16,171,000) which are past due as at the reporting date, of which approximately HK\$25,459,000 (2020: HK\$3,265,000) has been past due less than 30 days, approximately HK\$655,000 (2020: HK\$242,000) has been past due more than 30 days but less than 90 days, approximately HK\$10,610,000 (2020: HK\$416,000) has been past due more than 90 days but less than 180 days, approximately HK\$11,116,000 (2020: HK\$11,481,000) has been past due more than 180 days but less than 1 year, and approximately HK\$4,919,000 (2020: HK\$767,000) has been past due more than 1 year. The Directors consider credit risks of loan and interest receivables that are past due more than 90 days have increased significantly and those past due more than 180 days are considered as credit-impaired.

Included in the carrying amount of loan and interest receivables as at 30 April 2021 is accumulated allowance for credit losses of HK\$126,226,000 (2020: HK\$74,047,000).

During the year ended 30 April 2021, loan and interest receivables were charged on fixed interest rate mutually agreed between the contracting parties, ranging from 7% to 40.5% (2020: 7.5% to 18%) per annum.

### 14. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work ( <i>Note a</i> )	33,537	28,657
Less: Allowance for credit losses	(7,875)	(1,451)
	<u>25,662</u>	<u>27,206</u>

#### 14. TRADE RECEIVABLES (Continued)

Notes:

- (a) The credit terms given to each individual customer of scaffolding, fitting out and other auxiliary services for construction and buildings work were in accordance with the payment terms stipulated in the relevant tenders or contracts. The ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of allowance for credit losses is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Within 90 days	<b>21,943</b>	24,092
91 to 180 days	<b>3,133</b>	731
181 to 365 days	<b>236</b>	381
Above 1 year	<b>350</b>	2,002
	<hr/> <b>25,662</b> <hr/>	<hr/> 27,206 <hr/>

As at 30 April 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$25,463,000 (2020: HK\$3,330,000), which are past due as at the reporting date. Out of the past due balances, approximately HK\$3,690,000 (2020: HK\$3,086,000) has been past due more than 90 days and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Trade receivables from scaffolding, fitting out and other auxiliary services for construction and buildings work of approximately HK\$15,054,000 (2020: approximately HK\$17,738,000) have been pledged to secure general banking facilities granted to the Group.

**15. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

**Disposal of WL Holdings Company Limited:**

The Company entered into the S&P Agreement to dispose of the subsidiaries which held the investment property. The Disposal is not yet completed as at 30 April 2021 and up to the date of this announcement.

As at 8 February 2021, the Company has entered into the Sale and purchases (the “S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”) as purchases, being the related party of the Group, pursuant to which the Company conditionally agreed to sell, and the Buyer conditionally agreed to buy the entire issued share capital of the wholly-owned subsidiary (the “Disposed Subsidiary”) of the Company which held the investment property. As at 30 April 2021, the Disposal is not yet completed and the Buyer had paid the Company a sum of HK\$7,588,000 as deposit. The Disposed Subsidiary is classified as held for sale as at 30 April 2021.

	<b>2021</b>
	<b>HK\$'000</b>
Investment property	44,400
Property, plant and equipment	6,246
Deposits and other receivables	817
Bank balances and cash	27
	<hr/>
Total assets classified as held for sale	<b>51,490</b>
	<hr/> <hr/>
Trade and other payables	204
Other loans	6,000
Deferred tax liability	101
	<hr/>
Total liabilities associated with assets classified as held for sale	<b>6,305</b>
	<hr/> <hr/>

**15. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)**

**Disposal of Bright Advantage Limited and OX Financial Group Limited:**

The Company entered into the S&P Agreement to dispose of the subsidiaries which engaged in the business of securities brokerage and margin financing. The Disposal was completed as at 17 December 2020.

As at 30 April 2020, the Buyer had paid the Company a sum of HK\$7,000,000 as deposit. The Directors expect it is highly probable to obtain the approval from SFC as required in one of the conditions precedent contained in the S&P Agreement, and the Disposal to be completed within twelve months from the end of the reporting period. The followings are assets and liabilities of the discontinued operation that have been classified as assets held for sale or liabilities associated with assets classified as held for sale and were presented separately in the consolidated statement of financial position as at 30 April 2020:

	2020 <i>HK\$'000</i>
Property, plant and equipment	246
Right-of-use assets	5,132
Prepayments, deposits and other receivables	1,345
Trade receivables	533
Bank balances and cash – trust account	6,259
Bank balances and cash – general accounts	24,072
	<hr/>
Total assets classified as held for sale	37,587
	<hr/> <hr/>
Trade and other payables	6,938
Lease liabilities	5,097
	<hr/>
Total liabilities associated with assets classified as held for sale	12,035
	<hr/> <hr/>

## 16. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	10,772	8,549
Other payables	7,616	5,880
Deposit received from the Disposal	7,588	7,000
Accruals	5,096	6,820
	<hr/>	<hr/>
Total trade and other payables	<b>31,072</b>	<b>28,249</b>
	<hr/> <hr/>	<hr/> <hr/>

### Notes:

- (a) The following is an ageing analysis of trade payables to other trade creditors based on the invoice date:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	7,103	5,472
91 to 180 days	1,299	622
181 to 365 days	195	2,455
More than 365 days	2,175	–
	<hr/>	<hr/>
	<b>10,772</b>	<b>8,549</b>
	<hr/> <hr/>	<hr/> <hr/>

The average credit period ranged from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 17. LEASE LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	3,809	5,084
Within a period of more than one year but not more than two years	264	3,836
Within a period of more than two years but not more than five years	41	305
	<hr/>	<hr/>
	4,114	9,225
Less: Amounts due for settlement within one year shown under current liabilities	<b>(3,809)</b>	<b>(5,084)</b>
	<hr/>	<hr/>
Amounts due for settlement after one year shown under non-current liabilities	<b>305</b>	<b>4,141</b>
	<hr/> <hr/>	<hr/> <hr/>

## **18. BANK BORROWINGS AND BANK OVERDRAFTS**

As at 30 April 2021 and 2020, bank borrowings and bank overdrafts were secured by the Group's self-owned properties, certain trade receivables, certain contract assets and the Company's corporate guarantee. The amounts due are based on scheduled repayment dates set out in the loan agreements.

All the Group's bank borrowings and bank overdrafts carried variable interest at 1-month Hong Kong Interbank Offered Rate (the "HIBOR") plus 1.5% per annum or from Hong Kong Dollar Prime Rate (the "Prime Rate") to the Prime Rate minus 1% as at 30 April 2021 and 2020. The effective interest rate for the Group's bank borrowings and bank overdrafts ranged from 1.64% to 5.25% per annum (2020: 3.34% to 5.25% per annum).

All of the Group's bank borrowings and bank overdrafts are repayable on demand or repayable within one year.

## **19. OTHER LOAN AND OTHER BORROWINGS**

Other borrowings represented the coupon bonds issued by the Group.

Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Company, issued a 5-year 8% coupon bond in the principal amount of HK\$42,000,000 on 31 October 2020 which were secured by the Company's corporate guarantee to refinance the 2-year 8% coupon bond in the principal amount of HK\$54,000,000 issued by Gold Medal on 12 September 2018. The whole principal amount is repayable at the date of its maturity. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

During the year ended 30 April 2021, a 3-year 8.5% coupon unlisted straight bonds at a nominal value of HK\$20,000,000 was issued by Gold Medal on 28 October 2019 which were secured by the Company's corporate guarantee. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

A surety bond of HK\$18,000,000 was issued on 16 September 2020 with no interest bearing which will mature on the second anniversary date of the issue date. Original bond can be returned to the Surety at sole discretion of Aeso Ltd..

The Directors consider the fair values of the other loan and other borrowings are determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the end of the reporting period, approximate to their carrying amounts.

All other loan and other borrowings of the Group are either repayable on demand or repayable within one year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

During the year ended 30 April 2021 (“Year”), the Group recorded an increase in the Group’s total revenue for the Year from continuing operations of approximately HK\$150.2 million, representing an increase of approximately 7.7% as compared with the year ended 30 April 2020 (“Last Year”). Net loss attributable to the owners of the Company for the Year from continuing operations was approximately HK\$13.8 million, representing a significant decrease of approximately 86.6% as compared with Last Year.

The operations and reportable segments for the Year were presented as (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, (iii) securities investment business, and (iv) assets management business. During the Year, the Group also reclassified the operating results of the segment of securities brokerage and margin financing as discontinued operation in the consolidated financial statements of the Group.

The detailed business and financial review of each business segment is stated below.

### **BUSINESS REVIEW**

#### **Scaffolding, Fitting out and Other Auxiliary Services for Construction and Buildings Work**

The scaffolding, fitting out and other auxiliary services for construction and buildings work was the largest business segment for the Year. This segment includes scaffolding services, fitting out services and other auxiliary services for construction and buildings work. For the Year, revenue from this segment was approximately HK\$96.6 million, representing an increase of approximately HK\$3.9 million as compared with Last Year (Last Year: approximately HK\$92.7 million), which was due to the Group lower the construction contract price to bid more new construction contracts and has awarded a total of 28 new construction contracts during the Year (Last Year: 12 new construction contracts).

## *Scaffolding Services*

In recent years, a number of large-scale infrastructure projects have been carried out by the HKSAR to boost the construction industry and well-being of the society. For this purpose, a multi-pronged strategy has been adopted by the government to maintain a steady and sustainable land supply with the aim to meet the continuing housing needs.

On the other hand, in the past few years, the entire scaffolding industry encountered the major difficulty of shortage in supply of skilled workers and experienced personnel. Such shortage resulted in rising labour costs and diminishing profit margins throughout the industry, which further intensified competition within the scaffolding sector. However, it is worth mentioning that the Group's patented scaffolding system, which is known as "Pik-Lik", has played a crucial role in saving manpower and enhancing efficiency in the industry.

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Year, the Group provided scaffolding services to 65 ongoing projects, 21 of which were completed on schedule and 28 new contracts were awarded.

### **Project portfolio of scaffolding services (as of 30 April 2021)**

- Residential Development of 34-38 Belcher's Street
- Repairment and Maintenance works at House 12, 63 Deep Water Bay Road
- Repairment and Maintenance works at House 12, 8 Severn Road, The Peak
- Additional & Alteration Works at House 8, Mount Nicholson Road
- Commercial Development at 98 How Ming Street, Kwun Tong
- Commercial Development at YLTL532, Tung Tau Industrial Area, Yuen Long
- Comprehensive Hotel Development at Lai Ying Street, Cheung Sha Wan
- Comprehensive Redevelopment at 138 Carpenter Road, Kowloon
- Comprehensive Redevelopment at 62C Robinson Road & 6 Seymour Terrace
- Enhanced Security Measures works at Yuen Long Yoho Mall I & II
- Industrial Development at Tsuen Wan
- Comprehensive Development of Jockey Club One Health Tower for City University of Hong Kong
- Comprehensive Development of LRT Tin Wing Stop Tin Shui Wai
- Additional and Alternation Works at Millennium City 6 392 Kwun Tong Road
- Property Development at Tung Chau Street and 1-5 Kweilin Street
- Public Housing Development at Tsing Hung Road, Tsing Yi
- Public Housing Development of Lei Yue Mun Phase 4 at Yan Wing Street, Yau Tong
- Redevelopment of Nissin Food Factory Silo System, 19, 21-23 Dai Shing Street, Tai Po
- Redevelopment of Island School
- Redevelopment of Khalsa Diwan Hong Kong (Sikh Temple)
- Residential Development at 195 Prince Edward Road West



- Residential Development at 33 To Shek Street, Shatin
- Residential Development at Lohas Park (Phrase 10)
- Residential Development at No 3 Off Anderson Road, Kwun Tong
- Residential Redevelopment at No 233-235 Prince Edward Road West
- Residential Development at Parc Inverness – House E
- Residential Development at Reclamation Street/Shan Tung Street, Mong Kok
- Residential Development at Wong Ma Kok
- Residential Development at Yau Tong Inland Lot No. 44
- Residential Development of Church Facilities, Residential Care Home & Senior Hostel at 17A & B Ventris Road
- Public Housing Development of On Muk Street Phase 1, Shek Mun
- Superstructure & Associated Works for the expansion of United Christian Hospital (Phrase II)
- Repairment and Maintenance work at World Trade Center
- Repair, Maintenance, Alteration and Addition work at Yuen Long Yoho Mall I & II

### *Fitting out Services*

For the fitting out services, the Group mainly provided fitting out services to commercial institutions and luxury residence end-users during the Year. The Group has also extended its scope of services to include ceiling work and to date, it has been receiving encouraging feedback from its clients. The competition of fitting out services is keen. The Group will continue to proactively acquire new contracts.

### *Other Auxiliary Services for Construction and Buildings Work*

For other auxiliary services for construction and buildings work, the Group mainly provided gondolas, parapet railings and access equipment installation and maintenance services. The Group has been actively cultivating its gondolas rental business over the past several years and has gained positive ‘worth-of-mouth’ in the market. This has enabled the Group to secure a stable number of new contracts despite the competitive local market.

### **Money Lending Business**

Under the economic impacts from the outbreak of COVID-19 during the Year, there is an increasing trend for more corporations and individuals to obtain loans for financing to reduce the cash-flow pressure on them and lessen such local economic impacts of the outbreak. With relatively attractive interest returns on short-term and long-term loans during the Year, the Group recorded an increase of the revenue in this segment during the Year.

Leveraging on the management’s extensive network, several short-term and long-term loan agreements have been secured during the Year. The business segment recorded an increase of revenue during the Year and the Group recorded a turnover of approximately HK\$51.8 million for the Year (Last Year: approximately HK\$44.8 million). The principal amount of the loans granted ranged from HK\$0.2 million to HK\$25 million with interest rates ranging from 7.0% to 40.5% per annum during the Year. As at 30 April 2021, approximately 70% of the Group’s net loan and interest receivables were unsecured. The remaining loan were secured by listed companies shares, properties in Hong Kong or guarantors. Further details of the loan and interest receivables are set out in note 13 to the consolidated financial statements in this announcement.

All loans and loan agreements under the Group's money lending business have been granted and approved in compliance with the Money Lending Guidelines ("Guidelines") and the Money Lending Procedure Manual ("Procedure Manual") of the Group. The Guidelines provide the policies to be observed by the Group for its money lending business. The objective for the money lending business is to earn interest income to generate profits for the Group whilst avoiding incurrence of bad debts. The Guidelines also provide references or specific requirements for setting of interest rates of the loan, the tenure of the loan and the credit assessment and approval process of each loan. Each loan application will be considered and approved by the Board on case by case basis. The Board will usually take into account of the applicant's creditability, reputation, financial status, the value of the security, the applicant's past repayment record with the Group, and the proposed tenure, principal amount and interest rate of the loan to consider whether a loan application shall be approved and whether a security/guarantee is needed or adequate for a loan.

The Procedure Manual provides the procedures to be observed by the Group for its money lending business. In brief, the intending borrower first fills in an application form or the intending borrower communicates in person with the officer of Gold Medal Hong Kong Limited ("Gold Medal") (an indirect wholly-owned subsidiary of the Group and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), and which is responsible for operating the money lending business of the Group). The officer will then collect documents from the intending borrower for client identification and verification, and has to confirm/enquire if the borrower is a connected person of the Group as defined in the GEM Listing Rules. The application form will then be reviewed and/or approved by any one director of Gold Medal. The senior management will draft the loan documents in accordance with the terms specified in the approved application form. The draft loan documents together with the Memorandum for Credit Analysis prepared by the responsible officer of the loan application will be passed to the Board for final approval. Once the loan is approved and granted, the responsible officer has to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted.

### **Securities Investment Business**

In order to capture possible returns from the financial market, the Group has formed the investment committee in year 2015/2016 and continued investing in Hong Kong-listed securities during the Year. Due diligence was conducted on every contemplated investment and each investment was taken into serious consideration to ensure quality risk control and maximise shareholders' benefits.

The Group recorded a net gain of approximately HK\$17.6 million (Last Year: net loss of approximately HK\$17.8 million) for its investment portfolio for the Year, which was mainly due to the upward trend of the stock market in Hong Kong. The Group foresees that the global economy will be getting better in year 2021/2022 as a result of the vaccine coming out for COVID-19 pandemic. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

### **Assets Management Business**

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited ("Blue Pool"), the holding company of Mass Fidelity Asset Management Limited ("Mass Fidelity"), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Year, the assets management business recorded a turnover of approximately HK\$1.8 million (Last Year: HK\$2.0 million) due to the outbreak of the COVID-19 and the tightening control of fund transfer from China to Hong Kong.

## **Disposal of OX Securities and OX Assets Management**

On 11 December 2019, the Company as vendor entered into a sale and purchase agreement (the “SPA”) in respect of the Disposal with Mr. Tsang Pui Lan Patrick, an independent third party (i.e. the Purchaser), as purchaser, pursuant to which the Company conditionally agreed to (i) sell the entire issued share capital of Bright Advantage Limited (“Bright Advantage”) and OX Financial Group Limited (“OX Financial Group”), each a wholly-owned subsidiary of the Company; and (ii) assign the benefit of the loans owing by each of Bright Advantage and OX Financial Group to the Company as at completion of the SPA, to the Purchaser at a consideration as determined in accordance with the terms of the SPA (the “Disposal”).

Bright Advantage and OX Financial Group respectively own the entire issued share capital of OX Financial Securities Limited (“OX Securities”), a company licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(“SFO”), and OX Financial Assets Management Limited (“OX Assets Management”), a company licensed to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

The completion of the Disposal is conditional upon completion of the conditions precedent as stated in the SPA being satisfied (or being waived) on or before the long stop date, which is the date falling on expiry of 12 calendar months after the date of the SPA, or such later date as the Purchaser and the Company may agree in writing. The aforesaid conditions precedent require, among other matters, the approval of the SFC for the Purchaser (and his nominees (if any)) to become substantial shareholder(s) of OX Financial Group and Bright Advantage under the SFO having been obtained. As at the date of this announcement, such approval has been obtained and the Disposal has been completed on 17 December 2020. Details of the Disposal are set out in the announcements of the Company dated 11 December 2019 and 17 December 2020.

Each of Bright Advantage, OX Financial Group, OX Securities and OX Assets Management has ceased to be a subsidiary of the Company and the Group has ceased its business in the segment of securities brokerage and margin financing since the date of completion of the Disposal.

The operating results of the segment of securities brokerage and margin financing was reclassified as discontinued operation during the Year which are set out in note 10 to the consolidated financial statements in this announcement.

## **IMPACT CAUSED BY THE OUTBREAK OF COVID-19**

Our business operations and financial conditions are affected by the outbreak of COVID-19 during the Year. Below are the relevant analyses for our two largest business segments – scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending:

### **Scaffolding, Fitting Out and Other Auxiliary Services for Construction and Buildings Work:**

During the Year, since the operation of the Government of HKSAR has been limited by various measures for prevention of the spread of COVID-19, the number of new construction projects and contracts approved by the relevant government department has decreased. The delivery process of construction materials imported from mainland China was also delayed by the outbreak of COVID-19 and enhanced border control for prevention of disease. In addition, less workers are available in the market due to travel restrictions, which further slowed down the progress of existing construction projects. Competition within the construction industry has become even more intense during the Year as there are less new projects in the market.

In order to lower the affects by the COVID-19 as above, the Group has reviewed and flexibly adjusted the business strategies, which is to lower the construction contract price to bid more new construction contracts during the Year. The Group has awarded a total of 28 new construction contracts during the Year (Last Year: 12 new construction contracts) and it leads the revenue from this segment increased by approximately HK\$3.9 million as compared with Last Year.

### **Money Lending:**

Under the economic impacts of COVID-19, there is an increasing trend for more corporations and individuals to obtain loans for financing to reduce the cash-flow pressure on them and lessen such impacts. Hence, our money lending business recorded a increase in revenue during the Year. On the other hand, due to difficulties in repayment by customers caused by the economic impacts of COVID-19, there was a recognition of impairment losses arising from expected credit losses and write-off on loan receivable in the amount of approximately HK\$54.4 million and HK\$6.2 million respectively for the Year. Despite such difficulties, the Group will continue putting efforts in the collection procedure of loans receivable. For details of our money lending business, please refer to the section headed “Management Discussion and Analysis – Business Review – Money Lending Business” in this announcement.

### **BUSINESS OUTLOOK**

As we entered calendar year 2020/2021, the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong during the Year mean a double blow to the Hong Kong economy and further contribute to a downward trend in the Hong Kong property market.

The impacts of COVID-19 have caused pressure worldwide and dampened the development of various industries, with no exception for the scaffolding industry. In the past decade, the scaffolding industry has become increasingly competitive. On the one hand, the costs have become high together with rising labour costs, but productivity has suffered decline. In the face of a phenomenon of ageing workers, young generation unwilling to join the industry due to hard labour work and higher requirement of technological qualifications, which has affected recruitment of talents in the industry, and with heavier government regulations, without favourable factors such as labour imports, the carrying capacity of the industry may be challenged. These reflect a lack of confidence in the prospect of the scaffolding industry.

On the other hand, in response to demand from market development, many contractors have adopted the use of iron scaffolds instead of bamboo scaffolds nowadays. The general higher durability of iron scaffolds and the possibility of calculating load bearing capacity have shortened the time for training of workers. Hence, bamboo scaffolds may be eliminated in Hong Kong in the future. According to recent trend, modern iron scaffolds have been adopted by the industry, especially for high-end shopping malls which are aware of exterior appearance. Therefore, the future direction of the scaffolding business will be led by the adoption of mixed scaffolds and iron scaffolds.

The Group has been actively seeking profitable projects over the past several years in order to diversify its business portfolio and eventually mitigate risks from the competitive construction market.

After a few years of serious efforts to develop its money lending operations, the money lending business has generated stable income for the Year. Despite difficulties in repayment by customers during the Year, the Group will continue putting efforts in the collection procedure of loans receivable. The Group’s Guidelines and Procedure Manual for the money lending business were issued with an aim to comply with the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and other relevant laws and the licensing conditions and guidelines and other publications as issued by the Companies Registry from time to time. The Group will continue to update the Guidelines and Procedure Manual to ensure stricter compliance with the aforementioned.

During the Year, Mass Fidelity, a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong principally engaged in assets management, has recorded a decrease in revenue, due to the outbreak of the COVID-19 and the tightening control of fund transfer from China to Hong Kong.

Looking ahead to 2020/2021, in view of present economic uncertainty and difficulties, the Group is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance our competitiveness, the Group will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, the Group will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. The Group will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for shareholders.

Finally, we will actively explore all suitable investment opportunities to diversify the Group's business horizons and will work hard to strengthen overall business development. The Group's business strategy is in line with the general direction of the government's overall strategic development plans for property construction, infrastructure investment and financial market development.

## **FINANCIAL REVIEW AND ANALYSIS**

During the Year, the Group recorded a turnover of approximately HK\$150.2 million (Last Year: approximately HK\$139.5 million), representing an increase of approximately 7.7% as compared with that of Last Year. The Company recorded a net loss attributable to its owners from continuing operations of approximately HK\$13.8 million for the Year (Last Year: approximately HK\$103.1 million). The significant decrease in net loss was mainly due to (i) the additional government subsidy in respect of COVID-19 of approximately HK\$4.7 million; (ii) one-off gain on disposal of the subsidiaries of approximately HK\$12.3 million; (iii) a significant increase in the fair value gain incurred in the Group's securities investment portfolios by approximately HK\$35.4 million while the fair value loss incurred in the Group's securities investment portfolios of approximately HK\$17.8 million was recorded for Last Year.; and (iv) no impairment loss recognised in respect of goodwill and intangible asset during the Year when compared to the impairment loss recognised in respect of goodwill and intangible asset of HK\$35.0 million in Last Year.

The increase in turnover was mainly due to the revenue increased in generated from the segments of scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending during the Year.

For the Year, gross profit of the Group increased by approximately 22.4% to approximately HK\$72.0 million as compared with Last Year (Last Year: approximately HK\$58.8 million) and gross profit margin increased to approximately 48.0% (Last Year: approximately 42.1%). Gross profit margin of the Group increased mainly because a comparatively more sharing of the Group's revenue for the Year came from its money lending business, which had a relatively high profit margin.

During the Year, the operating and administrative expenses decreased from approximately HK\$44.0 million in the Last Year to approximately HK\$42.7 million due to the decrease in the patent expenses by approximately HK\$1.2 million compared with Last Year (Last Year: approximately HK\$1.2 million). Finance costs slightly decreased by approximately HK\$20,000 compared with Last Year (Last Year: approximately HK\$9.8 million). The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

During the Year, the Group financed its operations by banking facilities, finance leases provided by banks, loan from a financial institution and proceeds from issue of coupon bonds.

As at 30 April 2021, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$521.4 million (30 April 2020: approximately HK\$537.6 million), approximately HK\$416.6 million (30 April 2020: approximately HK\$333.4 million), approximately HK\$214.9 million (30 April 2020: approximately HK\$130.1 million) and approximately HK\$711.1 million (30 April 2020: approximately HK\$732.1 million) respectively.

As at 30 April 2021, the Group's bank borrowings and bank overdrafts were approximately HK\$47.9 million (30 April 2020: approximately HK\$45.1 million) and approximately HK\$21.8 million (30 April 2020: approximately HK\$19.4 million) respectively. As at 30 April 2021, the Group's other loan and other borrowings was HK\$80 million (30 April 2020: HK\$82.0 million). The lease liabilities was approximately HK\$4.1 million (30 April 2020: HK\$9.2 million). As at 30 April 2021, other loan and other borrowings included (i) the 8.5% coupon bond of HK\$20 million issued by Gold Medal, on 28 October 2019; (ii) the 8% coupon bond of HK\$42 million issued by Gold Medal, on 31 October 2020; and (iii) the surety bond of HK\$18 million issued by Gold Medal, on 16 September 2020.

As at 30 April 2021, the Group's bank balances and cash in general accounts amounted to approximately HK\$44.1 million (30 April 2020: approximately HK\$78.3 million). As at 30 April 2021, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 28.8% (30 April 2020: approximately 27.5%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other loan and other borrowings and lease liabilities.

As at 30 April 2021, most of the Group's bank balances and cash, bank borrowings, bank overdrafts and other borrowings were denominated in Hong Kong dollars. All the bank borrowings and bank overdrafts bore interest at variable market rates ranging from 1.64% to 5.25% per annum (2020: 3.34% to 5.25% per annum) and were repayable on demand or within one year. The lease liabilities had an average lease term ranging from one to three years (30 April 2020: two to four years) and all such leases had interest rates fixed at the contract date and fixed repayment bases. The other borrowings represented (i) the coupon bond issued in 2019 bearing interest at 8.5% per annum and the coupon bond issued in 2020 bearing interest at 8% per annum, which will mature on the third and fifth anniversary date of the issue date, respectively. Both of the coupon bonds were secured by the Company's corporate guarantee and the bondholder may request early redemption of the bond after one year of the issuance date of the bond; (ii) the surety bond issued in 2020 with no interest bearing which will mature on the second anniversary date of the issue date.

## **IMPAIRMENT ASSESSMENT OF LOAN AND INTEREST RECEIVABLES AS AT 30 APRIL 2021**

The Directors assessed the provision for impairment of loan and interest receivables based on the estimation of expected credit loss ("ECL") under a "three-stage" model. In developing the loss allowance of loan and interest receivables, the Directors use judgement in making the assumptions about the probability of default and loss given default with reference to the historical delinquency ratio of loans portfolio, repayment record, collateral values and current and forward-looking information on macroeconomic factors.

As at 30 April 2021, the Group's net loan and interest receivables amounted to approximately HK\$472.2 million (2020: approximately HK\$462.4 million). Allowance for credit losses of loan and interest receivables under the ECL model amounted to approximately HK\$126.2 million (2020: approximately HK\$74.0 million) and net impairment loss arising from ECL for the amount of approximately HK\$54.4 million (2020: approximately HK\$57.1 million). Loan and interest receivables from a debtor with gross carrying amount of approximately HK\$6.2 million has been written off in full as at 30 April 2021, which was due to the bankruptcy of a debtor during the Year. The Group has commenced legal action against such debtor after default in repayment and in January 2021, a judgement was granted in favour of the Group. Subsequently, such debtor was declared bankrupt and the legal procedure to recover the loan is still in process as at the date of this announcement.

### **Estimation of recoverability of loan and interest receivables**

The Group assesses provision for impairment of loan and interest receivables based on an estimate of the recoverability of these receivables. Provisions are applied to loan and interest receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of loan and interest receivables under HKFRS 9 requires the use of estimates and judgement. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed. The Group uses judgement in making assumptions and selecting the inputs to its ECL calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## Credit risk and impairment assessment

The impairment losses recognised for the year ended 30 April 2021 is the sum of the impairment loss from impairment assessment on principal and interest calculated respectively as follows:

### *Impairment assessment on principal*

Outstanding amount of principal as at 30 April 2021 x probability of default x loss given default x forward looking factor

### *Impairment assessment on interest:*

Outstanding amount of interest as at 30 April 2021 x probability of default x loss given default x forward looking factor

- (1) The probability of default of each loan is determined on a case by case basis based on each borrower's repayment record, including but not limited to the scheduled settlement date, actual settlement date, settled and unsettled amount, number of past due days of the relevant loan. As at 30 April 2021, the probability of default is derived from the repayment record of the borrowers as at 30 April 2021 taking the average figure of the following calculation for each loan as at 30 April 2021:

$$\frac{(\text{Settled amount} \times \text{number of days past due of the settled amount}) / 360 \text{ days} / \text{outstanding amount as at the scheduled payment date}}{\text{amount as at the scheduled payment date}} + \frac{(\text{Unsettled amount} \times \text{number of days past due of the unsettled amount up to 30 April 2021}) / 360 \text{ days} / \text{outstanding amount as at the scheduled payment date}}{\text{payment date}}$$

- (2) The loss given default of each loan represents the percentage of the loan expected to be defaulted in the future, taking into account of the market value of any security/guarantee provided for the relevant loan.
- (3) The forward looking factor of 1.02 is determined with reference to the calculation by an independent valuer for the impairment assessment under ECL model of loans receivable for the year ended 30 April 2021.



## **SHARE CAPITAL**

The Company did not issue any shares or debentures during the Year.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (Last Year: nil).

## **SEGMENT INFORMATION**

### **Operating segments**

The Group is organised into four operating segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work; (ii) money lending business; (iii) securities investment business and (iv) assets management business.

### **Geographical segments**

Customers of all four segments of the Group are situated in Hong Kong.

## **DISPOSAL OF SUBSIDIARIES**

On 8 February 2021, WLS (BVI) Limited (“WLS (BVI)”), a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement (“S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”), pursuant to which the WLS (BVI) conditionally agreed to sell and assign the benefit of 100,000 ordinary shares in the issued and fully paid-up share capital of Wui Loong Holdings Company Limited (“Wui Loong Holdings”), a wholly-owned subsidiary of WLS (BVI), (the “Sale Shares”), and the Buyer agreed to purchase and take the assignment of, the Sale Shares at the Consideration of approximately HK\$75.9 million.

As the Buyer is ultimately beneficially owned by Mr. So Yu Shing, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director, the Buyer is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The S&P Agreement was in effect to dispose of the property of all those 11,438 equal undivided 750,000th shares of Aberdeen Inland Lot No. 423, including 11 office units on the 10th floor of Southmark, No.11 Yip Hing Street, Wong Chuk Hang, Hong Kong held by the Wui Loong Holdings (“the Property”) through the disposal of the Sale Shares.

The special general meeting of the Company was held on 23 April 2021 and the Disposal has been completed on 31 May 2021. Details of the transaction are set out in the announcements and circular of the Company dated 8 February 2021, 31 March 2021 and 31 May 2021. After completion of the Disposal, Wui Loong Holdings has ceased to be a subsidiary of WLS (BVI).

Save as disclosed above and the Disposal disclosed under the paragraphs headed “Disposal of OX Securities and OX Assets Management” in the “Management Discussion and Analysis” section above, the Group did not have disposal of subsidiaries during the Year.

## **INVESTMENTS**

As at 30 April 2021, the equity instruments at fair value through other comprehensive income (“FVTOCI”) of the Group amounted to approximately HK\$9.9 million, representing approximately 1.4% of the Group’s audited total assets as at 30 April 2021 and financial assets at fair value through profit or loss (“FVTPL”) of the Group amounted to approximately HK\$64.6 million representing approximately 9.1% of the Group’s total assets as at 30 April 2021.

These investments mainly include equity securities of 34 companies listed in Hong Kong and 1 unlisted investment funds. None of these investments in the portfolio at FVTOCI and FVTPL has a value of 5% or more of the Group’s audited total assets as at 30 April 2021.

The Directors expect that the upward trend of the stock market in Hong Kong would be continue in 2021 and 2022 which may motivate the performance of the Group’s securities investments. Looking forward, the Board believes that the performance of the securities investments of the Group will also be dependent on the financial and operating performance of investee companies and market sentiment which are affected by factors such as interest rate movements, the political unrest in Hong Kong, the outbreak of COVID-19 and performance of the macro economy. In order to mitigate the associated risk, the Group will continuously remain cautious in the allocation of resources and the identification and capture of appropriate securities investment opportunities. It will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in the market.

## **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

On 21 September 2020, the Company entered into a non-legally binding memorandum of understanding (“MOU”) with potential vendor (the “Potential Vendor”) for the proposed acquisition part of the registered capital in 寧波乾達泓鑫集團有限公司 (the “Target Company”) from the Potential Vendor. The Target Company is a company incorporated in the People’s Republic of China and its principal activities are: (i) the provision of corporate consultancy services; (ii) research and development of the new infrastructure technology; (iii) operation and management of the big data platform; and (iv) operation and development of the social platform. Details are set out in the announcement of the Company dated 21 September 2020.

On 28 April 2021, the Company entered into a strategic cooperation agreement (the “Strategic Cooperation Agreement”) with Dowin Financial Holdings Group Limited, an internationally leading financial system platform service provider. According to the Strategic Cooperation Agreement, both parties have reached a preliminary cooperation to jointly invest, establish a company for or by other cooperation manner in trust, insurance, fund, wealth management and other business and capital in relation to technology finance at an appropriate time. Both parties will develop a comprehensive strategic cooperation based on the principle of long-term strategic cooperation, including but not limited to equity investment, debt investment and other investments. Both parties will continue to expand the scope of cooperation according to market conditions and may hold senior management meetings from time to time to discuss the mode, direction and progress of the cooperation and other matters relating to the cooperation projects. Details are set out in the announcement of the Company dated 28 April 2021.

The Group is still in the course of negotiation on the detailed terms of the proposed acquisition and the future plan as above and it may or may not lead to the entering into of the formal agreement. The proposed acquisition and the future plan contemplated thereunder may or may not proceed. Further announcement will be made by the Company as and when appropriate.

Save as the aforesaid and disclosed in the paragraphs headed “Business Outlook” above, the Group does not have any future plans for material investments or capital assets as at the date of this announcement.

## PLEDGE OF ASSETS

As at 30 April 2021, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	<b>2021</b>	2020
	<b>HK\$’000</b>	HK\$’000
Investment properties	–	48,900
Leasehold land and buildings	–	6,210
Trade receivables	<b>15,054</b>	17,738
Contract assets	<b>813</b>	509

In addition, the Group’s Right-of-use assets of motor vehicles for the amount of HK\$995,000 are secured by the lessor’s charge over the right-of-use assets.

## TREASURY POLICY

The Group consistently employs a prudent treasury policy during its development and generally finances its operations and business development with internally generated resources and equity and/or debt financing activities. The Group also adopts flexible and prudent fiscal policies to effectively manage the Group’s assets and liabilities and strengthen the Group’s financial position.

## FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars. The Group did not use any financial instrument for hedging purpose during the Year, and did not have any outstanding hedging instrument as at 30 April 2021. When appropriate, for example at times when interest rate or exchange rate are uncertain or volatile, the Group will consider the use of hedging instruments including interest rate swap and foreign currency forward contract to manage the Group’s exposures to interest rate and foreign exchange rate fluctuations.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors are aware that the Group is exposed to various risks, including risks which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group are identified, reported, monitored, and managed on a continuous basis. Details of the risk management and control systems of the Group are set out in the paragraphs headed “Risk Management and Internal Control” in the “Corporate Governance Report” section of this announcement. The Group has identified the following risks that are considered to be significant to the Group and which may adversely and/or materially affect the Group’s businesses, financial conditions, results of operations and growth prospects as at the date of this announcement:

### **(a) Labour shortage**

The Group’s scaffolding business and fitting out services business are labour-intensive. In the event that there is a significant increase in the costs and demand of labour and the Group has to retain its labour by increasing their wages, the Group’s staff costs and/or subcontracting costs will increase thereby lower the profitability. Further, if the Group or the Group’s subcontractors fail to retain the Group’s existing labour and/or recruit sufficient labour on a timely manner to cope with the need of the Group’s existing or future projects, the Group may not be able to complete the projects on schedule and within budget. The Group’s operations and profitability may be adversely affected.

In order to alleviate such risk, the Group is committed to providing our employees with a safe, pleasant and healthy working environment and competitive remuneration package with a view to retaining our labour.

### **(b) Failure to bid new contract**

The Group’s scaffolding business relies on successful tenders of contracts for scaffolding works and/or associated works. Given the non-recurring nature of these contract awards and that the Group does not have long-term commitment with its customers, the number of contracts awarded to the Group may vary from year to year. Upon completion of the contracts on hand, the Group’s financial performance may be adversely affected if the Group is unable to secure new tenders or obtain new contract awards with comparable contract sums or at all. In order to alleviate such risk, the Group believes that it can leverage on the existing relationship with the major customers to further develop new business opportunities in the future.

### **(c) Competition**

The industries in which the Group operates are highly competitive, for example, the scaffolding industry and the money-lending industry. Areas of competition include contract price, production costs, marketing campaign, customer services and interest rates for money lending. If the Group does not respond timely to cope with the market conditions, it may adversely affect the consumer demand for the Group’s services and products, the reputation of the Group and the Group’s financial performance.

**(d) Financial**

The Group is exposed to financial risks, including credit, interest rate, currency, liquidity and other price risks. In addition, the Group's equity instruments at FVTOCI and financial assets at FVTPL are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk due to the fluctuation of fair value of equity instruments at FVTOCI and financial assets at FVTPL.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and a sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions.

**(e) Technology**

The Group relies on information technology systems and networks, including internet and third-party hosted services for the Group's operation, inventory management and financial reporting. Any material disruption or slowdown of information technology systems, such as a disruption or slowdown caused by failure to successfully upgrade the Group's systems, system failures, viruses or cyber attacks could cause a loss of data or operation interruption. Therefore, the Group will continuously monitor and update, if necessary, relevant information technology systems and networks so as to reduce failure and keep up with the development of technology.

**(f) Employees**

The Group's success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, workers, marketing, administrative, operating, and technical personnel. The loss of key personnel could materially and adversely affect the Group's prospects and operations.

**CONTINGENT LIABILITIES**

At 30 April 2021, the Group did not have any material contingent liabilities (30 April 2020: nil).

**EMPLOYEES AND REMUNERATION POLICIES**

As at 30 April 2021, the total number of full-time employees of the Group was 81 (30 April 2020: 90). Total staff costs (including Directors' emoluments) amounted to approximately HK\$40.1 million for the Year (Last Year: approximately HK\$44.3 million). Employees were remunerated according to their performance and working experience during the Year. In addition to basic salaries and contribution to the mandatory provident fund scheme, staff benefits include performance bonus, medical scheme, share options and training.

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

During the Year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Year, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 to the GEM Listing Rules.

The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance with the CG Code. Meetings were held throughout the Year and where appropriate, internal circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness of issues regarding corporate governance practices.

## **EVENT AFTER REPORTING PERIOD**

On 4 June 2021, the Company issued a 6.5% coupon bond in the principal amount of HK\$20 million which will mature on the second anniversary date of the issue date and the bondholder may request early redemption of the bond after three months of the issuance date of the bond.

Save as the aforesaid and the Disposal disclosed under the paragraphs headed "Disposal of Subsidiaries" section above, there is no important event affecting the Group which have occurred since 30 April 2021.

## **AUDIT COMMITTEE**

The Company established an audit committee of the Board ("Audit Committee") with written terms of reference that clearly establish the Audit Committee's authority and duties. The Audit Committee comprised three independent non-executive Directors as at the date of this announcement, namely Mr. Law Man Sang, Mr. Lo Ka Ki and Ms. Lam Wai Yu.

The primary duties of the Audit Committee are to review the Company's annual reports and accounts, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and risk management and internal control systems of the Group.

Four Audit Committee meetings were held during the Year.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year.

## **ANNUAL RESULTS ANNOUNCEMENT**

D & PARTNERS CPA LIMITED has reported on the consolidated financial statements of the Company for the years ended 30 April 2020 and 30 April 2021.

The figures set out in this preliminary announcement of the Group's results for the year ended 30 April 2021 have been agreed by the Company's auditors, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's consolidated financial statements for the year ended 30 April 2021. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on this preliminary announcement.

On behalf of the Board  
**WLS Holdings Limited**  
**So Yu Shing**  
*Chairman*

Hong Kong, 29 July 2021

*As at the date of this announcement, the Board comprises Dr. So Yu Shing (Chairman and Executive Director), Mr. Kong Kam Wang (Executive Director and Chief Executive Officer), Ms. Lai Yuen Mei, Rebecca (Executive Director), Mr. So Wang Chun, Edmond (Executive Director), Mr. Tse Fung Chun (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Ms. Lam Wai Yu (Independent Non-executive Director) and Mr. Lo Ka Ki (Independent Non-executive Director).*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website and on the website of the Company at <http://www.wls.com.hk> for at least of 7 days from the date of its posting.*