



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)

First Quarterly Report 2022/2023

* *For identification purpose only*

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This report, for which the directors ("Directors") of WLS Holdings Limited ("Company" or "WLS") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading.

RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2022

The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 July 2022 together with the unaudited comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 July	
		2022	2021
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	43,441	52,670
Cost of sales		<u>(27,649)</u>	<u>(32,540)</u>
Gross profit		15,792	20,130
Other income	4	1,966	264
Other gains and (losses)	5	(12,726)	7,814
Operating and administrative expenses		(8,329)	(9,328)
Loss on disposal of property, plant and equipment		(13)	–
Gain on disposal of a subsidiary	6	–	29,261
Finance costs	7	<u>(1,862)</u>	<u>(2,372)</u>
(Loss) gain before taxation		(5,172)	45,769
Taxation	8	<u>(629)</u>	<u>(1,686)</u>
(Loss) profit for the period		<u><u>(5,801)</u></u>	<u><u>44,083</u></u>
(Loss) profit for the period attributable to:			
– Owners of the Company		(5,801)	43,773
– Non-controlling interests		–	310
		<u><u>(5,801)</u></u>	<u><u>44,083</u></u>
		(Unaudited)	(Unaudited)
(Loss) earnings per share			
– basic	9	<u><u>HK\$(0.040) cent</u></u>	<u><u>HK\$0.305 cent</u></u>
– diluted	9	<u><u>HK\$(0.040) cent</u></u>	<u><u>HK\$0.302 cent</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period	(5,801)	44,083
Other comprehensive (expense) income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(806)	102
Disposal of equity instruments at FVTOCI	<u> -</u>	<u> 14</u>
Other comprehensive (expense) income for the period, net of taxation	<u>(806)</u>	<u> 116</u>
Total comprehensive (expense) income for the period	<u>(6,607)</u>	<u> 44,199</u>
Total comprehensive (expense) income for the period attributable to		
– Owners of the Company	(6,607)	43,889
– Non-controlling interests	<u> -</u>	<u> 310</u>
	<u>(6,607)</u>	<u> 44,199</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 July 2022

	Attributable to the owners of the Company									
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i> <i>(Note c)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 May 2021 (Audited)	143,670	560,230	191,087	2,222	1,379	(37,706)	(339,529)	521,353	(12,465)	508,888
Profit for the period	-	-	-	-	-	-	43,773	43,773	310	44,083
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	102	-	102	-	102
Disposal of equity instrument at FVTOCI	-	-	-	-	-	14	(14)	-	-	-
Total comprehensive (expense)/income for the period	-	-	-	-	-	116	43,759	43,875	310	44,185
At 31 July 2021 (Unaudited)	143,670	560,230	191,087	2,222	1,379	(37,590)	(295,770)	565,228	(12,155)	553,073

	Attributable to the owners of the Company									
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i> <i>(Note c)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 May 2022 (Audited)	143,670	560,230	191,087	2,222	-	(37,838)	(349,733)	509,638	(7,093)	502,545
Loss for the period	-	-	-	-	-	-	(5,801)	(5,801)	-	(5,801)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(806)	-	(806)	-	(806)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(806)	(5,801)	(6,607)	-	(6,607)
At 31 July 2022 (Unaudited)	143,670	560,230	191,087	2,222	-	(38,644)	(355,534)	503,031	(7,093)	495,938

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:

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 the 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, 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.

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

2. Basis of preparation of the financial statements

Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The unaudited quarterly financial statements should be read in conjunction with the annual report for the year ended 30 April 2022.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 April 2022. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. Revenue

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and buildings work	30,239	38,920
Assets management business	176	683
	30,415	39,603
Revenue from other sources:		
Loan interest income	13,026	13,067
Total revenue	43,441	52,670
	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time	30,415	39,603

4. Other Income

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	–	67
Sundry income	147	151
Government subsidiary	1,809	–
Interest income	6	46
Foreign exchange gains, net	4	–
	<u>1,966</u>	<u>264</u>

5. Other gains and (losses)

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fair value (loss) gain on financial assets at FVTPL, net	(4,178)	7,497
(Loss) Gain on disposal of financial assets at FVTPL	(2,948)	317
Write-off of trade receivables	(5,600)	–
	<u>(12,726)</u>	<u>7,814</u>

6. Gain on disposal of a subsidiary

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”) which was engaged in investment property. The buyer agreed to purchase and take the assignment the Sale Shares for a consideration of HK\$76.0 million together with HK\$2 million related loan income plus the net asset value of Wui Loong Holdings as at the completion date.

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.

The special general meeting of the Company was held on 23 April 2021 and the Disposal has been completed on 31 May 2021.

Gain on disposal of the subsidiaries amounted to HK\$29,261,000 was analysed as follows:

	<i>HK\$'000</i>
Consideration received	76,038
Related loan income	2,000
	<hr/>
	78,038
	<hr/> <hr/>
Investment property	44,400
Property, plant and equipment	
– Leasehold land and buildings	6,065
– Furniture and fixtures	182
Deposits and other receivables	201
Bank balances and cash	120
Tax recoverable	610
Trade and other payables	(231)
Other loans	(6,000)
Deferred tax liability	(101)
	<hr/>
Net assets disposed of	45,246
Gain on disposal of subsidiaries:	
Consideration received	76,038
Related loan income	2,000
Net assets disposed of	(45,246)
Transaction costs	(458)
Sales and leaseback arrangement	(3,073)
	<hr/>
Gain on disposal of a subsidiary	29,261
	<hr/> <hr/>
Net cash inflow arising from disposal for the period:	
Consideration received	76,038
Related loan income	2,000
Deposit already received in prior year	(7,588)
	<hr/>
	70,450
Transaction costs	(458)
Less: Sales and leaseback arrangement	(3,073)
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Net cash inflow	66,919
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7. Finance costs

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings and bank overdrafts	81	737
Interest on other loans and other borrowings	1,727	1,553
Interest on lease liabilities	54	82
	<u>1,862</u>	<u>2,372</u>

8. Taxation

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Taxation comprises:		
Hong Kong Profits Tax		
Current period charged	629	1,686

9. (Loss) earnings per share

Basic and diluted (loss) earnings per share

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

	Three months ended 31 July	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>(5,801)</u>	<u>43,773</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	14,367,101,072	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	<u>-</u>	<u>110,692,366</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>14,367,101,072</u>	<u>14,477,793,438</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.

10. Dividend

The Board does not recommend the payment of any dividend for ordinary shareholder of the Company for the three months ended 31 July 2022, nor has any dividend been proposed since the period ended 31 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 31 July 2022 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$43.4 million (For the same period of 2021: HK\$52.7 million), representing a decrease of approximately 17.6% compared to the corresponding period in 2021. Net loss attributable to owners of the Company during the Reporting Period was approximately HK\$5.8 million (For the same period of net profit attributable to owners of the Company in 2021: HK\$43.8 million). The decrease in revenue was mainly due to the decrease in contract revenue generated from scaffolding, fitting out and other auxiliary services for construction and buildings work during the Reporting Period. Also, the increase in net loss attributable to owners of the Company from continuing operations was mainly due to the (i) the decrease in the gross profit of the Group amounted by approximately HK\$4.3 million for the Reporting Period as compared to the corresponding period in 2021; (ii) a significant increase in the fair value loss and loss on disposal incurred in the Group’s securities investment portfolios by approximately HK\$14.9 million as compared to the corresponding period in 2021; and (iii) no gain on disposal of the subsidiaries during the Reporting Period as compared to the one-off gain on disposal of the subsidiaries of approximately HK\$29.3 million during the corresponding period in 2021.

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 during the Reporting Period. This segment includes scaffolding services, fitting out services and other auxiliary services for construction and buildings work. During the Reporting Period, revenue from this segment was approximately HK\$30.2 million, representing a significant decrease of approximately HK\$8.7 million as compared to the corresponding period in 2021, due to less new construction projects being approved by the Government of the HKSAR as its operation has been limited by various measures for prevention of the spread of coronavirus disease 2019 (“COVID-19”), and the slowing down in the progress of existing construction projects caused by (i) delay in the delivery process of construction materials imported from mainland China as a result of the outbreak of COVID-19 and enhanced border control for prevention of disease; and (ii) less available workers in the market as a result of travel restrictions.

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 Reporting Period, the Group provided scaffolding services to 32 ongoing projects, 19 of which were completed on schedule and 1 new contracts were awarded.

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 Reporting Period. 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 ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, the Group has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower. Thus, the Group recorded a slightly decrease of the revenue in this segment during the Reporting Period.

The business segment recorded a slightly decrease of revenue to the Group and the Group recorded a turnover of approximately HK\$13.0 million during the Reporting Period (For the same period of 2021: approximately HK\$13.1 million). The principal amount of the loans granted ranged from HK\$0.2 million to HK\$25.0 million with interest rates ranging from 7.0% to 40.5% per annum during the Reporting Period.

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 Reporting Period. 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 fair value loss of approximately HK\$4.2 million (For the same period of 2021: net fair value gain of approximately HK\$7.5 million) and net loss on disposal of approximately HK\$2.9 million (For the same period of 2021: net loss on disposal of approximately HK\$317,000) for its investment portfolio during the Reporting Period, which was mainly due to the volatility of the stock market in Hong Kong. The Group foresees that the global economy will be getting better in year 2022/2023 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. During the Reporting Period, the assets management business recorded a turnover of approximately HK\$176,000 (For the same period of 2021: approximately HK\$683,000).

IMPACT CAUSED BY THE OUTBREAK OF COVID-19

Our business operations and financial conditions are affected by the outbreak of COVID-19 for the Reporting Period. 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

In 2022, 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 Reporting Period as there are less new projects in the market. In related to the decrease of the number of new projects in the market, the Group have to lower the contract price for those new projects in the market to obtain them under the intensive competition during the Reporting Period. Therefore, the Group recorded a decrease in its revenue from this segment during the Reporting Period compared to the corresponding period in 2021.

Money Lending

Under the ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, Gold Medal has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower. Hence, our money lending business recorded a slightly decrease in revenue during the Reporting Period. For details of our money lending business, please refer to the section headed “Management Discussion and Analysis – Business Review – Money Lending Business” in this report.

Business Outlook

As we entered calendar year 2022/2023, the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong in the past months 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 metal scaffolds instead of bamboo scaffolds nowadays. The general higher durability of metal 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 metal 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 metal scaffolds.

Looking ahead to 2022/2023, 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

During the Reporting Period, revenue decreased by approximately 17.5% as compared with the corresponding period in 2021. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses decreased from approximately HK\$9.3 million to approximately HK\$8.3 million as compared to the corresponding period in 2021 which was mainly due to the decrease in staff costs. Finance costs decreased from approximately HK\$2.4 million to approximately HK\$1.9 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.

Capital Structure

As at 31 July 2022, the Group had shareholders' equity of approximately HK\$503.0 million (30 April 2022: approximately HK\$509.6 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

The Group did not have material acquisitions or disposals of subsidiaries or associates during the three months ended 31 July 2022.

EVENT AFTER REPORTING PERIOD

On 8 August 2022, Instant Victory Global Limited (“Instant Victory”), a wholly-owned subsidiary of the Company has entered into a sales and purchase agreement (“S&P Agreement”) with Draco International Investment (Holdings) Limited (“Draco”), Mass Fidelity Consulting Limited (“Mass Fidelity Consulting”) and Suncorp Investment Holdings Limited (“Suncorp”) (collectively referred to as the “Purchaser”), pursuant to which Instant Victory conditionally agreed to sell and assign the benefit of, 1,000 ordinary shares in the issued and fully paid-up share capital of Blue Pool Ventures Limited (“Blue Pool”), a wholly-owned subsidiary of Instant Victory, (the “Sale Shares”), and Draco, Mass Fidelity Consulting and Suncorp agreed to purchase and take the assignment of, the Sale Shares from Instant Victory, which representing 37.5%, 37.5% and 25.0% of the entire issued share capital of Blue Pool at the consideration of approximately HK\$199,000, HK\$199,000, and HK\$132,000 respectively.

Through this disposal, 100% directly held subsidiary by Blue Pool and its 100% indirectly held subsidiary, Mass Fidelity Asset Management Limited (“Mass Fidelity”), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong (collectively referred to as the “Disposal Group”) were also disposed accordingly, at a cash consideration of HK\$530,000 in total. The Disposal Group carried out the business of assets management in Hong Kong. The disposal was completed on 8 August 2022, on which date control of the Disposal Group was passed to the Purchaser.

As the director of Blue Pool was Mr. Chan Wai Lung and Mr. Chan Wai Lung was the director and the ultimately beneficial owner of Draco and the director of Mass Fidelity was Mr. Chan Shui Cheong and Mr. Chan Shui Cheong was the director and held 33.3% of the entire issued share capital of Mass Fidelity Consulting. They are therefore the connected persons at the subsidiary level of the Group under the GEM Listing Rules. Hence, the Disposal constitutes a connected transaction with connected persons at the subsidiary level of the Group under Chapter 20 of the GEM Listing Rules. As none of the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under Rule 19.07 of the GEM Listing Rules in respect of the S&P Agreement has exceeded 1%, the disposal of the Disposal Group under the S&P Agreement does not constitute a notifiable transaction under Rule 20.74(b) of the GEM Listing Rules.

Save as disclosed above, the Group did not have any important event affecting the Group which have occurred since 31 July 2022.

Share option scheme

Under the terms of the share option scheme adopted by the Company on 22 October 2021 (the “**2021 Option Scheme**”), the Board may, at its absolute discretion, offer full time or part time employees of the Company or any of its subsidiaries (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any agents, consultants and advisers who have contributed or may contribute to the Group, to take up options to subscribe for shares of the Company, as incentives or rewards for their contribution to the growth of the Group. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Option Scheme and any other share option schemes of the Company must not, exceed 30% of the issued share capital of the Company from time to time. The life of the 2021 Option Scheme was effective until 21 October 2031.

The maximum number of shares issued and to be issued on the exercise of options granted under the 2021 Option Scheme or any other share option schemes of the Company and its subsidiaries (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% (or 0.1% in case of a connected person (as defined under the GEM Listing Rules) grantee) of the total issued share capital of the Company in issue, unless separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting, and the number and terms (including the subscription price) of the options to be granted to such person must be fixed before the shareholders’ approval. A nonrefundable nominal consideration of HK\$10 is payable on acceptance of each grant.

The subscription price may be determined by the Board, provided that it shall not be less than the highest of (a) the closing price of the Company's shares on GEM as stated in the Stock Exchange's daily quotation sheet on the date of grant of the options; (b) the average of the closing prices of the Company's shares on GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the options; and (c) the nominal value of the shares on the date of grant provided that in the event of fractional prices, the subscription price per share shall be rounded upwards to the nearest whole cent.

An option may be exercised in whole or in part in accordance with the terms of the 2021 Option Scheme at any time during a period to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the offer of the grant of the options is made in accordance with the terms of the 2021 Option Scheme. There is no general requirement on the minimum period for which an option must be held or performance target must be achieved before an option can be exercised under the terms of the 2021 Option Scheme.

As at 30 April 2022, there was no options granted, exercised, cancelled, lapsed or outstanding.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Management contract

During the Reporting Period, the cooperation agreement dated 1 January 2017 entered into between Mass Fidelity, a wholly-owned subsidiary of the Company principally engaged in assets management, and GET Consulting Company Limited ("GET Consulting") was in force. Pursuant to such cooperation agreement, Mass Fidelity has engaged GET Consulting to provide management services on the daily operation and accounting and finance matters of Mass Fidelity. Such cooperation agreement did not have a fixed term and no Director was interested in such cooperation agreement.

Save as aforesaid, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the three months ended 31 July 2022.

Directors' interests in contracts of significance

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the three-month period or at any time during the three months ended 31 July 2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 July 2022, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company as at 31 July 2022
Dr. So Yu Shing	Beneficial owner	3,320,000	
	Interest of spouse (<i>note (a)</i>)	3,320,000	
		<hr/>	
		6,640,000	0.05%
Ms. Lai Yuen Mei, Rebecca	Beneficial owner	3,320,000	
	Interest of spouse (<i>note (a)</i>)	3,320,000	
		<hr/>	
		6,640,000	0.05%
Mr. Kong Kam Wang	Beneficial owner	1,778,000	0.01%
Mr. So Wang Chun, Edmond	Beneficial owner	800,000	0.01%

Notes: Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 31 July 2022.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 July 2022, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the Reporting Period.

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

During the three months ended 31 July 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 July 2022, the Company had followed a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

CORPORATE GOVERNANCE

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 shareholders and the public. Throughout the first quarter period, the Company has complied with the code provisions in the Corporate Governance Code (“CG Code”) set out in Appendix 15 of the GEM Listing Rules.

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 currently comprises 3 independent non-executive Directors, namely Mr. Lo Ka Ki, Mr. Law Man Sang and Ms. Lam Wai Yu.

The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-year report 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 internal control procedures of the Group.

The Group’s unaudited condensed consolidated first quarterly results for the three months ended 31 July 2022 have not been audited by the Company’s auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

On behalf of the Board
So Yu Shing
Chairman

Hong Kong, 14 September 2022

As at the date of this report, 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).