



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)

Interim Report 2022/2023

* *For identification purpose only*

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

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

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

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This report, 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 (“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; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 31 October 2022

	Notes	Three months ended 31 October		Six months ended 31 October	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000 (Restated)	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000 (Restated)
Continuing operations					
Revenue	3	41,786	50,286	85,051	102,274
Cost of sales		(32,742)	(28,233)	(60,333)	(60,319)
Gross profit		9,044	22,053	24,718	41,955
Other income	5	904	387	2,559	565
Other gains and (losses)	6	(12,129)	(26,644)	(24,855)	(18,830)
Operating and administrative expenses		(11,451)	(11,244)	(19,298)	(20,144)
Gain on disposal of subsidiaries	7	205	–	205	29,261
Gain on disposal of property, plant and equipment		28	–	15	–
Finance costs	9	(1,816)	(2,093)	(3,678)	(4,450)
(Loss) profit before taxation		(15,215)	(17,541)	(20,334)	28,357
Taxation	10	(246)	217	(875)	(1,469)
(Loss) profit for the period from continuing operations	11	(15,461)	(17,324)	(21,209)	26,888
Discontinued operation					
(Loss) gain for the period from discontinued operation	8	(7)	46	(53)	(83)
(Loss) profit for the period		(15,468)	(17,278)	(21,262)	26,805
(Loss) profit for the period attributable to owners of the Company:					
– from continuing operations		(15,461)	(16,001)	(21,209)	27,901
– from discontinued operation		(7)	46	(53)	(83)
		(15,468)	(15,955)	(21,262)	27,818
(Loss) profit for the period attributable to non-controlling interests:					
– from continuing operations		–	(1,323)	–	(1,013)
		(15,468)	(17,278)	(21,262)	26,805

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2022

	Three months ended 31 October		Six months ended 31 October	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) Profit for the period	(15,468)	(17,278)	(21,262)	26,805
Other comprehensive (expense) income:				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")	(383)	(286)	(1,189)	(184)
Disposal of equity instruments at FVTOCI	–	(14)	–	–
Other comprehensive expense for the period, net of taxation	(383)	(300)	(1,189)	(184)
Total comprehensive (expense) income for the period	(15,851)	(17,578)	(22,451)	26,621
Total comprehensive (expense) income for the period attributable to owners of the Company:				
– from continuing operations	(15,844)	(16,301)	(22,398)	27,717
– from discontinued operation	(7)	46	(53)	(83)
	(15,851)	(16,255)	(22,451)	27,634
Total comprehensive (expense) income attributable to non-controlling interests:				
– from continuing operations	–	(1,323)	–	(1,013)
	(15,851)	(17,578)	(22,451)	26,621

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months and six months ended 31 October 2022

		Three months ended 31 October		Six months ended 31 October	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
From continuing and discontinued operations					
(Loss) earnings per share					
– basic	13	<u>(HK\$0.108)</u>	<u>(HK\$0.111 cent)</u>	<u>(HK\$0.148)</u>	<u>HK\$0.194 cent</u>
– diluted		<u>(HK\$0.108)</u>	<u>(HK\$0.110 cent)</u>	<u>(HK\$0.148)</u>	<u>HK\$0.190 cent</u>
From continuing operations					
(Loss) earnings per share					
– basic		<u>(HK\$0.107)</u>	<u>(HK\$0.111 cent)</u>	<u>(HK\$0.148)</u>	<u>HK\$0.194 cent</u>
– diluted		<u>(HK\$0.107)</u>	<u>(HK\$0.110 cent)</u>	<u>(HK\$0.148)</u>	<u>HK\$0.190 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	14	10,961	11,803
Right-of-use assets	14	2,778	3,598
Equity instruments at FVTOCI	22	2,184	3,372
Loan and interest receivables	15	121,136	239,831
Prepayment, deposits and other receivables		1,087	961
Deferred tax assets		5,817	6,625
		143,963	266,190
Current assets			
Loan and interest receivables	15	367,023	246,435
Prepayments, deposits and other receivables		11,911	13,225
Trade receivables	16	52,933	40,706
Contract assets	17	10,989	13,089
Inventories		933	866
Financial assets at fair value through profit or loss ("FVTPL")	22	70,479	71,953
Tax recoverable		13	13
Pledge bank deposits		–	14,707
Bank balances and cash – trust account		–	2
Bank balances and cash – general accounts		26,324	36,188
		540,605	437,184
Current liabilities			
Trade and other payables	18	38,165	33,130
Contract liabilities		30,204	17,288
Lease liabilities	14	1,533	2,602
Retention monies payables		5,165	5,167
Tax payable		332	721
Bank borrowings	19	–	8,634
Other loan and other borrowings	20	119,908	116,433
Bank overdrafts	19	3,515	10,933
		198,822	194,908
Net current assets		341,783	242,276
Total assets less current liabilities		485,746	508,466

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		1,353	1,622
Other loan and other borrowings	20	3,020	3,020
Deferred tax liabilities		1,279	1,279
		<u>5,652</u>	<u>5,921</u>
Net assets		<u>480,094</u>	<u>502,545</u>
Capital and reserves			
Share capital	21	143,670	143,670
Reserves		343,517	365,968
Equity attributable to the owners of the Company		<u>487,187</u>	<u>509,638</u>
Non-controlling interests		(7,093)	(7,093)
Total equity		<u>480,094</u>	<u>502,545</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 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 (loss) for the period	-	-	-	-	-	-	27,818	27,818	(1,013)	26,805
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(184)	-	(184)	-	(184)
Disposal of equity instruments at FVTOCI	-	-	-	-	-	444	(444)	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	-	260	27,374	27,634	(1,013)	26,621
Lapse of share options	-	-	-	-	(1,379)	-	1,379	-	-	-
At 31 October 2021 (unaudited)	143,670	560,230	191,087	2,222	-	(37,446)	(310,776)	548,987	(13,478)	535,509
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	-	-	-	-	-	-	(21,262)	(21,262)	-	(21,262)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(1,189)	-	(1,189)	-	(1,189)
Disposal of equity instruments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	-	(1,189)	(21,262)	(22,451)	-	(22,451)
At 31 October 2022 (unaudited)	143,670	560,230	191,087	2,222	-	(39,027)	(370,995)	487,187	(7,093)	480,094

Notes:

- The contributed surplus of the Group represents the amount transferred from share premium account 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2022

Six months ended 31 October

	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash generated from (used in) operating activities	1,060	(29,276)
Net cash (used in) investing activities		
Purchases of property, plant and equipment	(4,964)	(1,098)
Placement of rental deposit	–	(2,776)
Proceeds from disposal of equity instruments at FVTOCI	–	2,580
Purchase of equity instruments at FVTOCI	–	(690)
Net proceeds from disposal of subsidiaries	409	66,919
Withdrawal of pledge bank deposits	–	(64,500)
Other investing activities	24	(4,998)
	(4,531)	(4,563)
Net cash generated from financing activities		
New bank borrowings raised	–	69,328
Proceeds from other loan and other borrowings	–	30,000
Repayments of lease liabilities	(1,333)	(2,501)
Repayment of bank borrowings	(8,634)	(74,198)
Interest paid	(3,594)	(4,312)
Proceeds of pledge bank deposit	14,707	–
	1,146	18,317
Net decrease in cash and cash equivalents	(2,325)	(15,522)
Cash and cash equivalents at 1 May	25,255	22,268
Cash and cash equivalents at 31 October	22,930	6,746
Analysis of cash and cash equivalents at end of the period		
From continuing operations:		
Bank balances and cash – general accounts	26,324	33,763
Bank overdrafts	(3,515)	(27,017)
	22,809	6,746
From discontinued operation:		
Bank balance and cash – general accounts	121	–
	22,930	6,746

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and continued in Bermuda and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (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 and securities investment business.

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 October 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2022.

Amendments to HKFRSs that are mandatorily effective for the current period.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 May 2022 for the preparation of the Group’s condensed consolidated financial statements:

In the Reporting Period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

3. Revenue

Disaggregation of revenue from contracts with customers

	Continuing Operations			
	Three months ended 31 October 2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i> (Restated)	Six months ended 31 October 2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i> (Restated)
Revenue from contracts with customers:				
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and building work	32,092	35,711	62,331	74,631
Revenue from other sources:				
Loan interest income	9,694	14,575	22,720	27,643
Total revenue	<u>41,786</u>	<u>50,286</u>	<u>85,051</u>	<u>102,274</u>
Timing of revenue recognition:				
Over time	<u>32,092</u>	<u>35,711</u>	<u>62,331</u>	<u>74,631</u>

Revenue from discontinued operation of assets management business amounted to HK\$176,000 (October 2021: HK\$1,298,000) are recognised at a point in time.

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 period ended 31 October 2022, the Group has three operating and reportable segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business and (iii) securities investment business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

The following is an analysis of the Group’s revenue by operating and reportable segment.

4. Segment information (Continued)

For the six months ended 31 October 2022

	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>	Consolidated <i>HK\$'000</i>
REVENUE					
External revenue	<u>62,331</u>	<u>22,720</u>	<u>–</u>	<u>–</u>	<u>85,051</u>
Other gains and (losses)	–	–	2,233	–	2,233
Net impairment losses recognised arising from ECL	(97)	(26,991)	–	–	(27,088)
Other income	<u>2,140</u>	<u>104</u>	<u>102</u>	<u>–</u>	<u>2,346</u>
Total	<u>64,374</u>	<u>(4,167)</u>	<u>2,335</u>	<u>–</u>	<u>62,542</u>
Segment result	<u>(9,281)</u>	<u>(19,656)</u>	<u>15,503</u>	<u>–</u>	<u>(13,434)</u>
Gain on disposal of property, plant and equipment					15
Gain on disposal of subsidiaries					205
Finance costs					(3,678)
Unallocated corporate income					213
Unallocated corporate expenses					(3,655)
Loss before taxation					<u>(20,334)</u>

For the six months ended 31 October 2021 (Restated)

	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>	Consolidated <i>HK\$'000</i>
REVENUE					
External revenue	<u>74,631</u>	<u>27,643</u>	<u>–</u>	<u>–</u>	<u>102,274</u>
Other gains and (losses)	–	–	9,699	–	9,699
Net impairment losses recognised arising from ECL	(2,942)	(25,587)	–	–	(28,529)
Other income	<u>363</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>363</u>
Total	<u>72,052</u>	<u>2,056</u>	<u>9,699</u>	<u>–</u>	<u>83,807</u>
Segment result	<u>(408)</u>	<u>(13,345)</u>	<u>22,845</u>	<u>–</u>	<u>9,092</u>
Gain on disposal of property, plant and equipment					–
Gain on disposal of a subsidiary					29,261
Finance costs					(4,450)
Unallocated corporate income					202
Unallocated corporate expenses					(5,748)
Profit before taxation					<u>28,357</u>

5. Other income

	Continuing Operations		Continuing Operations	
	Three months ended 31 October		Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Rental income	–	–	–	67
Sundry income	684	5	520	71
Government subsidy	205	26	2,014	26
Interest income	19	–	25	45
Foreign exchange gains, net	(4)	–	–	–
Reversal of write off of account receivables	–	356	–	356
	904	387	2,559	565

Other income from discontinued operation of asset management business amounted to HK\$311,000 (October 2021: HK\$210,000).

6. Other gains and (losses)

	Continuing Operations		Continuing Operations	
	Three months ended 31 October		Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Fair value gain on financial assets				
at FVTPL, net	11,117	723	6,939	8,220
Gain (loss) on disposal of financial assets				
at FVTPL	(1,758)	1,162	(4,706)	1,479
Net impairment losses (recognised) reversed				
arising from ECL on:				
– Loan and interest receivables	(26,991)	(25,587)	(26,991)	(25,587)
– Trade receivables	(9)	(2,972)	(9)	(2,972)
– Contract assets	(88)	30	(88)	30
Write-off of trade receivables	5,600	–	–	–
	(12,129)	(26,644)	(24,855)	(18,830)

7. Gain on disposal of subsidiaries

On 8 August 2022, Instant Victory Global Limited (“Instant Victory”), a wholly directly 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 directly 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.

Gain on disposal of subsidiaries amounted to HK\$205,000 was analysed as follows:

	<i>HK\$'000</i>
Consideration received	530,000
	<u>530,000</u>
Property, plant and equipment	
– Furniture and fixtures	184
Prepayment, Deposits and other receivables	1,083
Bank balances and cash	121
Tax recoverable	31
Trade and other payables	(1,005)
Lease liabilities	(89)
Net assets disposed of	<u>325</u>
Gain on disposal of subsidiaries:	
Consideration received	530
Net assets disposed of	(325)
	<u>205</u>
Net cash inflow arising from disposal for the period:	
Consideration received	530
Less: bank balances and cash disposed of	(121)
Net cash inflow	<u>409</u>

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.

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
	<u>78,038</u>
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)
Net assets disposed of	<u>45,246</u>
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)
Gain on disposal of a subsidiary	<u>29,261</u>
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)
	<u>70,450</u>
Transaction costs	(458)
Less: Sales and leaseback arrangement	(3,073)
Net cash inflow	<u>66,919</u>

8. Loss (Gain) for the period from discontinued operation

On 8 August 2022, the Company as vendor entered into a sale and purchase agreement (the “S&P Agreement”) with Draco International Investment (Holdings) Limited, Mass Fidelity Consulting Limited and Suncorp Investment Holdings Limited (the “Buyers”) 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, namely as Blue Pool Ventures Limited (“Blue Pool”) and Mass Fidelity Asset Management Limited together with their respective wholly-owned subsidiaries (the “Disposed Subsidiaries”) which were engaged in the asset management business (the “Disposal”), for a total of consideration of HK\$530,000.

Blue Pool held the entire issued share capital of Mass Fidelity Asset Management Limited that is a corporation.

For the period ended 31 October 2022, the Disposal is completed as stated in the S&P Agreement. Comparative figures in the unaudited condensed 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 period from discontinued operation is set out below:

	Three months ended 31 October		Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	-	616	176	1,298
Cost of sales	-	(298)	(58)	(752)
Other income	27	124	311	210
Operating and administrative expenses	(34)	(383)	(482)	(811)
Finance costs	-	(13)	-	(28)
(Loss) gain for the period from discontinued operation	(7)	46	(53)	(83)

9. Finance costs

	Continuing operation Three months ended 31 October		Continuing operation Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank borrowings and bank overdrafts	39	236	120	973
Interest on other loan and other borrowings	1,747	1,786	3,474	3,339
Interest on leases liabilities	30	71	84	138
	1,816	2,093	3,678	4,450

10. Taxation

	Continuing operations		Continuing operations	
	Three months ended 31 October		Six months ended 31 October	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Taxation comprises:				
Hong Kong Profits Tax				
Current period charged (credited)	<u>246</u>	<u>(217)</u>	<u>875</u>	<u>1,469</u>

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%.

11. (Loss)/profit for the period

	Continuing operations		Continuing operations	
	Three months ended 31 October		Six months ended 31 October	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	<u>771</u>	<u>445</u>	<u>1,527</u>	<u>895</u>
Depreciation of right-of-use assets	<u>104</u>	<u>1,098</u>	<u>820</u>	<u>2,115</u>
Provision of allowance for ECL	<u>27,088</u>	<u>28,529</u>	<u>27,088</u>	<u>28,529</u>

12. Dividend

No dividend were paid, declared or prepared during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (2021: nil).

13. Loss (earnings) per share

Basic and diluted loss per share

(a) From continuing and discontinued operations

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

	Three months ended 31 October		Six months ended 31 October	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>(15,468)</u>	<u>(15,955)</u>	<u>(21,262)</u>	<u>27,818</u>
	Number of shares	Number of shares	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	14,367,101,072	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	<u>–</u>	<u>133,234,385</u>	<u>–</u>	<u>241,662,006</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>14,367,101,072</u>	<u>14,500,335,457</u>	<u>14,367,101,072</u>	<u>14,608,763,078</u>

(b) From continuing operations

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

	Three months ended 31 October		Six months ended 31 October	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period from continuing operations	<u>(15,461)</u>	<u>(16,001)</u>	<u>(21,209)</u>	<u>27,901</u>

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

No diluted loss per share from continuing operations is presented in this reporting period since the assumed exercise of the share options would result in a decrease in diluted loss per share.

(c) From discontinued operation

For the period ended 31 October 2022, basic loss per share from discontinued operation was HK\$0.0004 cents per share (2021: HK\$0.0005 cents per share), which were calculated based on the loss from discontinued operation for the period ended 31 October 2022 of HK\$53,000 (2021: HK\$83,000) and the denominators detailed above.

14. Movements in property, plant and equipment and right-of-use assets

During the six months ended 31 October 2022, the Group spent approximately HK\$4,964,000 (six months ended 31 October 2021: approximately HK\$1,098,000) on the acquisition of property, plant and equipment.

On 31 October 2022, the Group recognised right-of-use assets of approximately HK\$2,184,000 (30 April 2021: HK\$3,372,000) and lease liabilities of approximately HK\$1,533,000 (30 April 2021: HK\$2,602,000).

15. Loan and interest receivables

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Amounts fall due within one year	367,023	246,435
Amounts fall due within one to second year	116,476	213,718
Amounts fall due within second to fifth year	4,660	26,113
	<u>488,159</u>	<u>486,266</u>

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

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Amounts secured with guarantor	21,543	54,353
Amounts secured with securities (Note a)	69,296	109,910
Amounts unsecured	397,320	322,003
	<u>488,159</u>	<u>486,266</u>

Notes:

(a) The securities are ordinary shares of companies listed on the Stock Exchange.

16. Trade receivables

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work (Note a)	53,275	41,042
Less: Allowance for credit losses	(342)	(336)
	<u>52,933</u>	<u>40,706</u>

16. Trade receivables (Continued)

Notes:

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

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Within 90 days	41,442	35,105
91 to 180 days	7,859	3,714
181 to 365 days	3,004	67
Above 1 year	628	1,820
	<u>52,933</u>	<u>40,706</u>

As at 31 October 2022, ECL allowance made in respect of trade receivables from scaffolding, fitting out and other auxiliary services for construction and building work was approximately HK\$343,000 (30 April 2022: approximately HK\$336,000).

17. Contract assets

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Contract assets from scaffolding, fitting out and other auxiliary services for construction and buildings works		
Analysed as current:		
Unbilled revenue (Note a)	4,529	5,866
Retention monies receivable (Note b)	6,460	7,223
	<u>10,989</u>	<u>13,089</u>

Note a: Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the contract work completed by the Group and the work is pending for the certification by the customers or external surveyors. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed contract work from the customers or external surveyors.

Note b: Retention monies receivables included in contract assets represents amounts not yet billed to customers which is conditional until the expiry of defect liability period in respect of scaffolding, fitting out and other auxiliary services contracts. The retention receivables are transferred to the trade receivables when the rights become unconditional. Retention monies receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts. The Group does not hold any collateral over these balances.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

18. Trade and other payables

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Within 90 days	12,142	11,387
91 to 180 days	3,415	1,700
181 to 365 days	2,090	3,213
More than 365 days	1,030	392
Total trade payables	<u>18,677</u>	<u>16,692</u>
Other payables	15,705	11,969
Accruals	3,783	4,469
Total trade and other payables	<u><u>38,165</u></u>	<u><u>33,130</u></u>

19. Bank borrowings and bank overdrafts

Bank borrowings and bank overdrafts were secured by the Group's certain trade receivables and certain contract assets. As at the reporting period, the Group did not incur anymore bank borrowings. The amounts due are based on scheduled repayment dates set out in the loan agreements.

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

20. Other loan and other borrowings

As at the reporting period of 31 October 2022, WLS Holdings Limited and Gold Medal Hong Kong Limited ("Gold Medal") have maintained several coupon bond, as follows:

WLS Holdings Limited has issued 5 coupon bonds, as follows:

- (a) A 2-year 6.5% coupon unlisted straight bond at a nominal value of HK\$20,000,000 was issued by the Company on 3 June 2021. The effective interest rate is 9.73% per annum. The Company and the bondholder may request early redemption of the bond after three months of the issuance date of the bond and before the maturity date.
- (b) A 2-year 11% coupon unlisted straight bond at a nominal value of HK\$5,000,000 was issued by the Company on 18 August 2021. The effective interest rate is 9.33% per annum. The Company and the bondholder may request early redemption of the bond after one month of the issuance date of the bond and before the maturity date.
- (c) A 2-year 6.5% coupon unlisted straight bond at a nominal value of HK\$5,000,000 was issued by the Company on 18 August 2021. The effective interest rate is 9.33% per annum. The Company and the bondholder may request early redemption of the bond after one month of the issuance date of the bond and before the maturity date.
- (d) A 2-year 6.5% coupon unlisted straight bond at a nominal value of HK\$3,000,000 was issued by the Company on 23 March 2022. The effective interest rate is 7.67% per annum. No early redemption option for both the Company and the bondholder of the bond.
- (e) A 5-year 6.5% coupon unlisted straight bond at a nominal value of HK\$5,800,000 was issued by the Company on 27 April 2022. The effective interest rate is 8.32% per annum. The Company and the bondholder may request early redemption of the bond after one month of the issuance date of the bond and before the maturity date.

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. The whole principal amount is repayable at the date of its maturity. The Company and the bondholder may request early redemption of the bond after 3 months of the issuance date of the bond. The interest rate has been changed to 6.5% since 1 February 2022. The modification of interest rate was considered as non-substantial under quantitative test, in which the net present value of the cash flow under the new terms discounted at the original effective interest rate for the remaining cash flow of the bond period is less than 10%. Therefore, the adjustment to the carrying amount of the bond is recognised in profit or loss at the date of modification.

A 3-year 8.5% coupon unlisted straight bond 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 Company and the bondholder may request early redemption of the bond after 3 months of the issuance date of the bond. The interest rate has been changed to 6.5% since 1 February 2022. The modification of interest rate was considered as non-substantial under quantitative test, in which the net present value of the cash flow under the new terms discounted at the original effective interest rate for the remaining cash flows of the bond period is less than 10%. Therefore, the adjustment to the carrying amount of the bond is recognised in profit or loss at the date of modification.

A surety bond of HK\$18,000,000 issued by Gold Medal 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 bonds issued by Gold Medal are either repayable on demand or repayable within one year.

21. Share capital

	Par value <i>HK\$</i>	No. of shares	Amount <i>HK\$’000</i>
Authorised:			
At 1 May 2021, 30 April 2022 and 31 October 2022	0.01	40,000,000,000	400,000
Issued and fully paid:			
At 1 May 2021, 30 April 2022 and 31 October 2022	0.01	14,367,101,072	143,670

22. Fair value measurements of financial instruments

Fair value of the Group’s financial assets that are measured at fair value on a recurring basis

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 October 2022 (Unaudited)	30 April 2022 (Audited)			
Held for trading non-derivative financial assets classified as financial assets at FVTPL	Hong Kong listed equity securities – HK\$70,479,000	Hong Kong listed equity securities – HK\$71,953,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A
Non-derivative financial assets classified as equity instruments at FVTOCI	Hong Kong listed equity securities – HK\$2,184,000	Hong Kong listed equity securities – HK\$3,372,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A
Unlisted investment fund classified as financial assets at FVTOCI	Unquoted investment fund that is not trade in an active market – –	Unquoted investment fund that is not trade in an active market – HK\$3,693,000	Level 2	Quoted price based on the net assets value of the fund which is determined with reference to observable (quoted) prices of underlying investment portfolio and adjustment of related expenses.	N/A

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded amortised cost in the condensed consolidated financial statements approximate their fair values.

23. Related parties disclosures

During the period, the Group entered into the following transactions with related parties:

	Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest income from a staff and a director of a subsidiary (Note a)	–	2
Management fee income from a related company (Note a)	–	60
Commission fee income from a related company (Note a)	–	133
Commission expense paid to a related company (Note a)	–	(752)
Advisory and trailer fee paid to a related party (Note a)	–	–
Patent expense paid to a director of the Company (Note b)	(600)	(600)
Rental expense paid to a related company (Note c)	648	–

Notes:

- The amounts were related to the disposed subsidiary. During the reporting period, the disposed Company was disposed on 8 August 2022.
- The amounts were paid to Dr. So Yu Shing, who is an executive director of the Company in respect of the patented brand scaffolding system.
- The amounts were received from or paid to a company which is a related company to the Group as a director of a subsidiary of the Group is also the controlling shareholder in that company.

The remuneration of executive directors and other members of key management during the period was as follows:

	Six months ended 31 October	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short term benefits	5,251	5,505
Post-employment benefits	70	80
	5,321	5,585

The remuneration of executive directors of the Company, who are also members of key management, is recommended by the Remuneration Committee and approved by the Board having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 31 October 2022 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$85.1 million from continuing operations (For the same period of 2021: HK\$102.3 million), representing a decrease of approximately 16.8% compared to the corresponding period in 2021. Net loss attributable to owners of the Company from continuing operations during the Reporting Period was approximately HK\$21.2 million (For the same period of 2021: net profit attributable to owners of the Company from continuing operations of approximately HK\$26.9 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 and the revenue generated from money lending business during the Reporting Period. Also, the increase in net loss attributable to owners of the Company from continuing operations was mainly due to the significant decrease in the gross profit and the gain on disposal of subsidiaries of the Group by approximately HK\$17.2 million and HK\$29.1 million respectively for the Reporting Period as compared to 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 and other auxiliary services for construction and buildings work. During the Reporting Period, revenue from this segment was approximately HK\$62.3 million, representing a significant decrease of approximately HK\$12.3 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 46 ongoing projects, 18 of which were completed on schedule and 3 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 decrease of the revenue in this segment during the Reporting Period.

The business segment recorded a decrease of revenue to the Group and the Group recorded a turnover of approximately HK\$22.7 million during the Reporting Period (For the same period of 2021: approximately HK\$27.6 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 36.0% 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 gain of approximately HK\$6.9 million (For the same period of 2021: approximately HK\$8.2 million) and net loss on disposal of approximately HK\$4.7 million (For the same period of 2021: net gain on disposal of approximately HK\$1.5 million) 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 and the investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

Assets Management Business

The Group commenced its assets management business ever since Mass Fidelity Asset Management Limited (“Mass Fidelity”), its indirect wholly-owned subsidiary, which was 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\$1.3 million).

During the Reporting Period, the Group reclassified the segment of assets management business as discontinued operation in the consolidated financial statements of the Group. For details, please refer to the section headed “Management Discussion and Analysis – Disposal of subsidiaries”, note 7 and 8 to the consolidated financial statements in this report.

Disposal of subsidiaries

On 8 August 2022, Instant Victory Global Limited (“Instant Victory”), a directly 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 directly 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% indirectly held subsidiary of the Company, Blue Pool, and its 100% indirectly held subsidiary, 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 and the Group will cease its business in the segment of assets management. The operating results of the segment of assets management was reclassified as discontinued operation during the Reporting Period which are set out in note 7 and 8 to the consolidated financial statements in this report.

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.

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 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 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 16.8% from continuing operations as compared with the corresponding periods in the preceding financial year. 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 by approximately 4.2% from continuing operations as compared with the corresponding periods in 2021 which was mainly due to the tighten up of cost control. Finance costs slightly decreased from approximately HK\$4.5 million to approximately HK\$3.7 million from continuing operations due to the Group has settled certain borrowings during the Reporting Period. 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 October 2022, the Group had shareholders' equity of approximately HK\$487.2 million (30 April 2022: approximately HK\$509.6 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Except the Disposal disclosed under the paragraphs headed "Disposal of subsidiaries" in the section above, the Group did not have material acquisitions or disposals of subsidiaries or associates during the six months ended 31 October 2022.

PLEDGE OF ASSETS

As at 31 October 2022, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	At 31 October 2022 (Unaudited) HK\$'000	At 30 April 2022 (Audited) HK\$'000
Trade receivables	33,922	3,021
Contract assets	41	41

In addition, as at 31 October 2022, the Group's right-of-use assets of motor vehicles for the amount of HK\$1,857,000 (30 April 2022: HK\$2,168,000) are secured by the lessor's charge over the right-of-use assets.

EVENT AFTER REPORTING PERIOD

There is no important event affecting the Group which have occurred since 31 October 2022.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Reporting Period, the Group financed its operations by banking facilities, finance leases provided by banks and proceeds from issue of coupon bonds.

As at 31 October 2022, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$487.2 million (30 April 2022: approximately HK\$509.6 million), approximately HK\$540.6 million (30 April 2022: approximately HK\$437.2 million), approximately HK\$341.8 million (30 April 2022: approximately HK\$242.3 million) and approximately HK\$684.6 million (30 April 2022: approximately HK\$703.4 million) respectively.

As at 31 October 2022, there was no bank borrowings of the Group (30 April 2022: approximately HK\$8.6 million) and bank overdrafts were approximately HK\$3.5 million (30 April 2022: approximately HK\$10.9 million). As at 31 October 2022, the Group's other loan and other borrowings was HK\$119.9 million (30 April 2022: HK\$116.4 million). As at 31 October 2022, the lease liabilities was approximately HK\$2.9 million (30 April 2022: approximately HK\$4.2 million). As at 31 October 2022, other loan and other borrowings included (i) 2-year 6.5% coupon bond of HK\$20 million issued by the Company, on 3 June 2021; (ii) 2-year 11% coupon bond of HK\$5 million issued by the Company, on 18 August 2021; (iii) 2-year 6.5% coupon bond of HK\$5 million issued by the Company, on 18 August 2021; (iv) 2-year 6.5% coupon bond of HK\$3 million issued by the Company, on 23 March 2022; (v) 5-year 6.5% coupon bond of HK\$5.8 million issued by the Company, on 27 April 2022; (vi) 5-year 8% coupon bond of HK\$42 million issued by Gold Medal, on 31 October 2020 and renewed on 1 February 2022 with 6.5% coupon rate; (vii) 3-year 8.5% coupon bond of HK\$20 million issued by Gold Medal, on 28 October 2019, renewed on 1 February 2022 with 6.5% coupon rate and extended to 27 October 2027; and (viii) the surety bond of HK\$18 million was issued by Gold Medal on 16 September 2020 was with no interest bearing.

As at 31 October 2022, the Group's bank balances and cash in general accounts amounted to approximately HK\$26.3 million (30 April 2022: approximately HK\$36.2 million) and no pledge bank deposits (30 April 2022: approximately HK\$14.7 million). As at 31 October 2022, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was 26.5% (30 April 2022: approximately 26.7%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other borrowings and lease liabilities.

As at 31 October 2022, 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 1.01% to 1.05% per annum (2022: 1.11% to 2.95% per annum) and were repayable on demand or within one year. The lease liabilities had an average lease term ranging from one to two years (30 April 2022: one to three years) and all such leases had interest rates fixed at the contract date and fixed repayment bases.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 22 October 2021 (the "Share Option Scheme"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Under the terms of the Share 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 Share 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 Share 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 Share 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 non-refundable 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 Share 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 Share 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 Share Option Scheme.

As at 31 October 2022, there were 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 six months ended 31 October 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 six-month period or at any time during the six months ended 31 October 2022.

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

As at 31 October 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	Number of underlying shares held	Approximate percentage of the issued share capital of the Company as at 31 October 2022
Dr. So Yu Shing	Beneficial owner	3,320,000		
	Interest of spouse (note (a))	3,320,000		
		<hr/>	6,640,000	0.05%
Ms. Lai Yuen Mei, Rebecca	Beneficial owner	3,320,000		
	Interest of spouse (note (a))	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:

- (a) 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 October 2022.

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

As at 31 October 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 period.

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

During the six months ended 31 October 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 six months ended 31 October 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 of the Company. 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 interim period, the Company has complied with the code provisions as set out in the then prevailing Appendix 15 to 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 interim results for the six months ended 31 October 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, 15 December 2022

As at the date of this report, the Board comprises Dr. So Yu Shing (Chairman and Executive Director), 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).