



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 APRIL 2019**

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

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

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

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

\* For identification purpose only

## ANNUAL RESULTS

The board of Directors (“Board”) of the Company announces the consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 30 April 2019, together with comparative audited figures for the preceding financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 30 April 2019*

	<i>NOTES</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	3	<b>180,306</b>	152,175
Cost of sales		<b>(119,351)</b>	(98,813)
Gross profit		<b>60,955</b>	53,362
Other income	4	<b>2,148</b>	3,462
Other gains and (losses)	5	<b>(30,401)</b>	(108,401)
Operating and administrative expenses		<b>(47,347)</b>	(75,693)
Fair value gain on investment properties		<b>410</b>	12,000
Gain on disposal of property, plant and equipment		<b>80</b>	584
Impairment loss recognised in respect of goodwill and intangible asset		<b>(32,666)</b>	–
Loss on disposal and write-off of property, plant and equipment		<b>(28)</b>	(1,190)
Finance costs	6	<b>(8,565)</b>	(6,593)
Loss before taxation		<b>(55,414)</b>	(122,469)
Taxation	7	<b>(463)</b>	(257)
Loss for the year	8	<b>(55,877)</b>	(122,726)
Loss for the year attributable to:			
Owners of the Company		<b>(51,898)</b>	(109,788)
Non-controlling interests		<b>(3,979)</b>	(12,938)
		<b>(55,877)</b>	(122,726)
Loss per share – basic and diluted	10	<b>(HK0.361 cent)</b>	(HK0.848 cent)

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

For the year ended 30 April 2019

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Loss for the year	<b>(55,877)</b>	(122,726)
Other comprehensive expense:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value loss	–	(21,705)
<i>Item will not be reclassified to profit or loss:</i>		
Changes on fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u><b>(862)</b></u>	<u>–</u>
Other comprehensive expense for the year, net of taxation	<u><b>(862)</b></u>	<u>(21,705)</u>
Total comprehensive expense for the year	<u><b>(56,739)</b></u>	<u>(144,431)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	<b>(52,760)</b>	(131,493)
Non-controlling interests	<u><b>(3,979)</b></u>	<u>(12,938)</u>
	<u><b>(56,739)</b></u>	<u>(144,431)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2019

	<i>NOTES</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		<b>56,980</b>	56,570
Property, plant and equipment		<b>16,159</b>	20,112
Goodwill		–	25,366
Intangible asset		<b>34,600</b>	41,900
Interests in associates and a joint venture		–	–
Equity instruments at FVTOCI		<b>11,578</b>	–
Available-for-sale investments		–	20,921
Loan and interest receivables	<i>11</i>	<b>404,011</b>	273,373
Deposits and other receivables		<b>1,596</b>	1,411
Deferred tax assets		<b>188</b>	208
		<hr/> <b>525,112</b>	<hr/> 439,861
<b>Current assets</b>			
Loan and interest receivables	<i>11</i>	<b>57,066</b>	230,235
Prepayments, deposits and other receivables		<b>7,918</b>	8,672
Trade receivables	<i>12</i>	<b>42,119</b>	48,507
Contract assets		<b>5,196</b>	–
Amounts due from customers for contract work		–	11,869
Inventories		<b>357</b>	372
Retention monies receivables		–	3,471
Financial assets at fair value through profit or loss (“FVTPL”)		<b>40,762</b>	63,772
Tax recoverable		<b>13</b>	13
Bank balances and cash – trust account		<b>9,633</b>	22,918
Bank balances and cash – general accounts		<b>110,074</b>	98,804
		<hr/> <b>273,138</b>	<hr/> 488,633

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

At 30 April 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
<b>Current liabilities</b>			
Amounts due to customers for contract work		–	12,406
Trade and other payables	13	29,124	64,033
Contract liabilities		4,655	–
Retention monies payables		2,617	1,183
Tax payable		621	1,808
Obligations under finance leases – current portion	14	952	751
Bank borrowings	15	34,532	29,006
Other loan and other borrowings	16	70,000	92,000
Bank overdrafts	15	19,827	15,258
		<u>162,328</u>	<u>216,445</u>
<b>Net current assets</b>		<u>110,810</u>	<u>272,188</u>
<b>Total assets less current liabilities</b>		<u>635,922</u>	<u>712,049</u>
<b>Non-current liabilities</b>			
Obligations under finance leases – non-current portion	14	1,009	1,431
Deferred tax liabilities		283	169
		<u>1,292</u>	<u>1,600</u>
<b>Net assets</b>		<u>634,630</u>	<u>710,449</u>
<b>Capital and reserves</b>			
Share capital		143,670	143,670
Reserves		502,369	583,586
		<u>646,039</u>	<u>727,256</u>
Equity attributable to the owners of the Company		646,039	727,256
Non-controlling interests		(11,409)	(16,807)
		<u>(11,409)</u>	<u>(16,807)</u>
<b>Total equity</b>		<u>634,630</u>	<u>710,449</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2019

	Attributable to the owners of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i> <i>(Note a)</i>	Merger reserve <i>HK\$'000</i> <i>(Note b)</i>	Share option reserve <i>HK\$'000</i> <i>(Note c)</i>	FVTOCI/ investment revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 May 2017	127,670	507,430	191,087	2,222	–	17,054	(59,337)	786,126	(3,869)	782,257
Loss for the year	–	–	–	–	–	–	(109,788)	(109,788)	(12,938)	(122,726)
Fair value loss on available-for-sale investments	–	–	–	–	–	(21,705)	–	(21,705)	–	(21,705)
Other comprehensive expense for the year	–	–	–	–	–	(21,705)	–	(21,705)	–	(21,705)
Total comprehensive expense for the year	–	–	–	–	–	(21,705)	(109,788)	(131,493)	(12,938)	(144,431)
Reclassification adjustment upon impairment recognised in respect of available-for-sale investments	–	–	–	–	–	17,928	–	17,928	–	17,928
Reclassification adjustment upon loss on disposal recognised in respect of available-for-sale investments	–	–	–	–	–	(20,525)	–	(20,525)	–	(20,525)
Reclassification adjustment upon gain on redemption recognised in respect of available-for-sale investments	–	–	–	–	–	(860)	–	(860)	–	(860)
New issue of consideration shares	16,000	52,800	–	–	–	–	–	68,800	–	68,800
Recognition of equity-settled share-based payment	–	–	–	–	7,280	–	–	7,280	–	7,280
At 30 April 2018	143,670	560,230	191,087	2,222	7,280	(8,108)	(169,125)	727,256	(16,807)	710,449

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 30 April 2019

	Attributable to the owners of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i> <i>(Note a)</i>	Merger reserve <i>HK\$'000</i> <i>(Note b)</i>	Share option reserve <i>HK\$'000</i> <i>(Note c)</i>	FVTOCI/ investment revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 30 April 2018	143,670	560,230	191,087	2,222	7,280	(8,108)	(169,125)	727,256	(16,807)	710,449
Adjustments (Note 2)	-	-	-	-	-	(27,149)	(1,308)	(28,457)	9,377	(19,080)
At 1 May 2018 (restated)	143,670	560,230	191,087	2,222	7,280	(35,257)	(170,433)	698,799	(7,430)	691,369
Loss for the year	-	-	-	-	-	-	(51,898)	(51,898)	(3,979)	(55,877)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(862)	-	(862)	-	(862)
Other comprehensive expense for the year	-	-	-	-	-	(862)	-	(862)	-	(862)
Total comprehensive expense for the year	-	-	-	-	-	(862)	(51,898)	(52,760)	(3,979)	(56,739)
Reclassification adjustment upon disposal of equity instruments at FVTOCI	-	-	-	-	-	76	(76)	-	-	-
At 30 April 2019	143,670	560,230	191,087	2,222	7,280	(36,043)	(222,407)	646,039	(11,409)	634,630

### Notes:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on 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, No. 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

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

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

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

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



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

### **HKFRS 15 Revenue from Contracts with Customers**

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 May 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 May 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue the following major sources which arise from contracts with customers:

- Revenue from provision of scaffolding services for construction and building work
- Revenue from provision of fitting out services for construction and building work
- Revenue from provision of management contacting services for construction and building work
- Revenue from provision of gondolas, parapet railings and access equipment installation and maintenance services
- Revenue from securities brokerage and margin financing
- Revenue from assets management business

Information about the Group’s performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 to the consolidated financial statements in the annual report of the Company to be issued for the year ended 30 April 2019 (“Annual Report”).

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

### Summary of effects arising from initial application of HKFRS 15

The following adjustment was made to the amounts recognised in the consolidated statement of financial position as at 1 May 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 30 April 2018 HK\$'000	Reclassification HK\$'000	Remeasurement HK\$'000	Carrying amounts under HKFRS 15 at 1 May 2018 HK\$'000
<b>Current assets</b>					
Contract assets	(a)	–	15,340	–	15,340
Amounts due from customers for contract works	(a)	11,869	(11,869)	–	–
Retention monies receivables	(a)	3,471	(3,471)	–	–
Prepayments, deposits and other receivables	(c)	10,083	–	(666)	9,417
<b>Current liabilities</b>					
Contract liabilities	(b)	–	12,406	–	12,406
Amounts due to customers for contract works	(b)	12,406	(12,406)	–	–
Trade and other payables	(c)	64,033	–	(21,092)	42,941
<b>Capital and reserves</b>					
Accumulated losses	(c)	169,125	–	(10,418)	158,707
Non-controlling interests	(c)	16,807	–	(10,008)	6,799

#### Notes:

- (a) As at 1 May 2018, advances and retention monies paid to customers of HK\$11,869,000 and HK\$3,471,000 previously included in amounts due from customers for contract work and retention monies receivables, respectively, were reclassified to contract assets since the Group's right to consideration in exchange for services that the Group has to transfer to the customers is not yet unconditional.
- (b) As at 1 May 2018, deposits HK\$12,406,000 previously included in amounts due to customers for contract work was reclassified to contract liabilities since the Group not yet satisfied the performance obligation according to the contract term.
- (c) As at 1 May 2018, other receivables of approximately HK\$666,000, representing billing in advance by subcontractors that are not recognised as expense by reference to the stage of completion of the contract activity, and other payables of approximately HK\$21,092,000, representing estimated amounts of expenses incurred and payable to subcontractors but are not yet billed by subcontractors, respectively, were adjusted to accumulated losses and non-controlling interests.

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

**Summary of effects arising from initial application of HKFRS 15 (Continued)**

The following tables summarise the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position as at 30 April 2019 and its consolidated statement of cash flows for the year ended 30 April 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

***Impact on the consolidated statement of financial position as at 30 April 2019***

	As reported <i>HK\$’000</i>	Adjustments <i>HK\$’000</i>	Amounts without application of HKFRS 15 <i>HK\$’000</i>
<b>Current assets</b>			
Contract assets	5,196	(5,196)	–
Amounts due from customers for contract works	–	2,828	2,828
Retention monies receivables	–	2,368	2,368
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current liabilities</b>			
Contract liabilities	4,655	(4,655)	–
Amounts due to customers for contract works	–	4,655	4,655
	<u>          </u>	<u>          </u>	<u>          </u>

***Impact on the consolidated statement of cash flows for the year ended 30 April 2019***

	As reported <i>HK\$’000</i>	Adjustments <i>HK\$’000</i>	Amounts without application of HKFRS 15 <i>HK\$’000</i>
<b>OPERATING ACTIVITIES</b>			
Decrease in contract assets	(10,100)	10,100	–
Decrease in amounts due from customers for contract works	–	8,998	8,998
Decrease in retention monies receivables	–	1,102	1,102
Decrease in contract liabilities	(7,751)	7,751	–
Decrease in amounts due to customers for contract works	–	(7,751)	(7,751)
	<u>          </u>	<u>          </u>	<u>          </u>

The explanations of the above changes affected in the current year by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are set out in notes (a) to (c) above for describing the adjustments made to the consolidated statement of financial position at 1 May 2018 upon adoption of HKFRS 15. Except for the above, the application of HKFRS 15 has no other significant impact to the consolidated financial statements.

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

### HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 May 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018. The difference between carrying amounts as at 30 April 2018 and the carrying amounts as at 1 May 2018 are recognised in the opening accumulated losses without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3 to the consolidated financial statements in the Annual Report.

### Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 May 2018.

Notes	Available-for-sale investments	Equity instruments at FVTOCI	Loan and interest receivables	Prepayments, deposits and other receivables	Trade receivables	Contract assets	Amounts due from customers for contract work	Retention monies receivables	Financial assets at FVTPL	Held for trading investment (previously recognised as financial assets at FVTPL)	Trade and other payables	Amounts due to customers for contract work	Contract liabilities	Accumulated losses	FVTOCI/ investment revaluation reserve	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Closing balance at 30 April 2018																
– HKAS 39	20,921	–	503,608	10,083	48,507	–	11,869	3,471	28,800	34,972	64,033	12,406	–	(169,125)	(8,108)	(16,807)
Effect arising from initial application of HKFRS 15	–	–	–	(666)	–	15,340	(11,869)	(3,471)	–	–	(21,092)	(12,406)	12,406	10,418	–	10,008
Effect arising from initial application of HKFRS 9:																
<b>Reclassification</b>																
From available-for-sale investments	a	(20,921)	19,482	–	–	–	–	–	–	–	–	–	–	25,710	(27,149)	–
From held for trading investment (previously recognised as financial assets at FVTPL)	b	–	–	–	–	–	–	–	34,972	(34,972)	–	–	–	–	–	–
<b>Remeasurement</b>																
Impairment under ECL model	c	–	–	(35,113)	–	(2,209)	(745)	–	–	–	–	–	–	(37,436)	–	(631)
Opening balance at 1 May 2018																
	–	19,482	468,495	9,417	46,298	14,595	–	–	63,772	–	42,941	–	12,406	(170,433)	(35,257)	(7,430)

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

### Summary of effects arising from initial application of HKFRS 9 (Continued)

#### (a) Available-for-sale investments

The Group elected to present in other comprehensive income (“OCI”) for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$20,921,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which HK\$561,000 is unlisted investment previously measured at cost less impairment under HKAS 39. The fair value losses of HK\$1,439,000 related to that unlisted investment previously carried at cost less impairment was adjusted to equity instruments at FVTOCI and FVTOCI reserves as at 1 May 2018. In addition, impairment losses previously recognised of HK\$25,710,000 from available-for-sale investments were transferred from accumulated losses to FVTOCI reserve as at 1 May 2018.

#### (b) Financial assets at FVTPL

The Group has reassessed its investments in listed equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK\$34,972,000 of the Group’s investments were held for trading and continued to be measured at fair value through profit or loss.

#### (c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, trade receivables and contract assets are grouped based on internal credit rating and past due analysis. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group has therefore estimated the expected loss rates for trade receivables and contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including loan and interest receivables, other receivables and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

As at 1 May 2018, credit loss allowance of approximately HK\$38,067,000 and its corresponding deferred tax effect have been recognised against accumulated losses. The loss allowance is charged against the respective assets.

All loss allowances as at 30 April 2018 reconciled to the opening loss allowances as at 1 May 2018 are as follows:

	Trade receivables HK\$’000	Contract assets HK\$’000	Loan and interest receivables HK\$’000
At 30 April 2018			
– HKAS 39	23,657	238	–
Amounts remeasured through opening accumulated losses and non-controlling interests	2,209	745	35,113
At 1 May 2018	25,866	983	35,113

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

### Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	<b>30 April 2018</b> <b>(Audited)</b> <i>HK\$’000</i>	<b>HKFRS 15</b> <i>HK\$’000</i>	<b>HKFRS 9</b> <i>HK\$’000</i>	<b>1 May 2018</b> <b>(Restated)</b> <i>HK\$’000</i> <i>(Note)</i>
Available-for-sale investments	20,921	–	(20,921)	–
Equity instruments at FVTOCI	–	–	19,482	19,482
Loan and interest receivables	503,608	–	(35,113)	468,495
Prepayments, deposits and other receivables	10,083	(666)	–	9,417
Trade receivables	48,507	–	(2,209)	46,298
Contract assets	–	15,340	(745)	14,595
Amounts due from customers for contract work	11,869	(11,869)	–	–
Retention monies receivables	3,471	(3,471)	–	–
Financial assets at FVTPL	28,800	–	34,972	63,772
Held for trading investment (previously recognised as financial assets at FVTPL)	34,972	–	(34,972)	–
Trade and other payables	64,033	(21,092)	–	42,941
Amounts due to customers for contract work	12,406	(12,406)	–	–
Contract liabilities	–	12,406	–	12,406
Accumulated losses	(169,125)	10,418	(11,726)	(170,433)
FVTOCI/investment revaluation reserve	(8,108)	–	(27,149)	(35,257)
Non-controlling interests	(16,807)	10,008	(631)	(7,430)

*Note:* For the purposes of reporting cash flows from operating activities under indirect method for the year ended 30 April 2018, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 May 2018 as disclosed above.

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

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

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to IFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020

## 3. REVENUE AND SEGMENT INFORMATION

### Performance obligations for contracts with customers

#### *Contraction and buildings work for the provision of scaffolding services, fitting out services and management contracting services*

The Group provides contraction and buildings work for the provision of scaffolding services, fitting out services and management contracting services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method. Contracts with the Group’s customers are agreed in fixed-price.

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Performance obligations for contracts with customers (Continued)

##### *Gondolas, parapet railings and access equipment installation and maintenance services*

Revenue relating to gondolas, parapet railings and access equipment installation and maintenance services is recognised over time. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract using input method.

##### *Securities brokerage and margin financing*

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

##### *Assets management*

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

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

	<b>2019</b> <i>HK\$'000</i>
Construction and buildings work for the provision of scaffolding services, fitting out services, management contracting services and gondolas, parapet railings and access equipment installation and maintenance services	
Within one year	<b>103,485</b>
More than one year but not more than two years	<b>33,175</b>
More than two years	<b>2,041</b>
Total	<b>138,701</b>

The Group determines its operating and reportable segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole. For the year ended 30 April 2019, the Group has eight operating and reportable segments – (i) scaffolding services for construction and buildings work, (ii) fitting out services for construction and buildings work, (iii) management contracting services for construction and buildings work, (iv) gondolas, parapet railings and access equipment installation and maintenance services, (v) money lending business, (vi) securities brokerage and margin financing, (vii) securities investment business, and (viii) assets management business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.



### 3. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

#### For the year ended 30 April 2019

	Scaffolding services for construction and buildings work HK\$'000	Fitting out services for construction and buildings work HK\$'000	Management contracting services for construction and buildings work HK\$'000	Gondolas, parapet railings and access equipment installation and maintenance services HK\$'000	Money lending business HK\$'000	Securities brokerage and margin financing HK\$'000	Securities investment business HK\$'000	Assets management business HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>									
External revenue	112,665	19,158	214	2,224	40,361	803	-	4,881	180,306
Other gains and (losses)	2,300	(2,609)	4	251	(11,993)	-	(18,354)	-	(30,401)
Impairment loss recognised in respect of goodwill and intangible asset	-	-	-	-	-	-	-	(32,666)	(32,666)
Other income	187	10	-	-	25	225	-	776	1,223
<b>Total</b>	<b>115,152</b>	<b>16,559</b>	<b>218</b>	<b>2,475</b>	<b>28,393</b>	<b>1,028</b>	<b>(18,354)</b>	<b>(27,009)</b>	<b>118,462</b>
Segment result	2,607	(8,313)	(169)	(1,330)	(1,882)	(4,571)	4,120	(29,585)	(39,123)
Fair value gain on investment properties									410
Gain on disposal of property, plant and equipment									80
Loss on disposal and write-off of property, plant and equipment									(28)
Finance costs									(8,565)
Unallocated corporate income									925
Unallocated corporate expenses									(9,113)
Loss before taxation									(55,414)
<b>At 30 April 2019</b>									
<b>ASSETS</b>									
Segment assets	47,196	4,931	13	6,134	478,426	47,702	87,632	40,062	712,096
<b>LIABILITIES</b>									
Segment liabilities	75,131	3,131	13	931	56,927	9,298	475	775	146,681

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

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

For the year ended 30 April 2018

	Scaffolding services for construction and buildings work HK\$'000	Fitting out services for construction and buildings work HK\$'000	Management contracting services for construction and buildings work HK\$'000	Gondolas, parapet railings and access equipment installation and maintenance services HK\$'000	Money lending business HK\$'000	Securities brokerage and margin financing HK\$'000	Securities investment business HK\$'000	Assets management business HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>									
External revenue	84,286	22,779	-	3,630	40,483	724	-	273	152,175
Other gains and (losses)	-	-	-	-	-	-	(108,401)	-	(108,401)
Other income	724	1,400	-	54	-	-	112	105	2,395
<b>Total</b>	<b>85,010</b>	<b>24,179</b>	<b>-</b>	<b>3,684</b>	<b>40,483</b>	<b>724</b>	<b>(108,289)</b>	<b>378</b>	<b>46,169</b>
Segment result	(8,631)	(24,963)	(833)	(3,717)	5,699	(4,877)	(83,867)	74	(121,115)
Fair value gain on investment properties									12,000
Gain on disposal of property, plant and equipment									584
Loss on disposal and write-off of property, plant and equipment									(1,190)
Finance costs									(6,593)
Unallocated corporate income									1,067
Unallocated corporate expenses									(7,222)
Loss before taxation									(122,469)
<b>At 30 April 2018</b>									
<b>ASSETS</b>									
Segment assets	54,321	10,377	540	2,462	512,034	65,708	125,391	69,094	839,927
<b>LIABILITIES</b>									
Segment liabilities	69,216	27,415	15	274	66,189	23,519	264	221	187,113

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2 in this announcement. Segment results represent the profit earned by/loss from each segment without allocation of fair value gain on investment properties, gain on disposal of property, plant and equipment, loss on disposal and write-off of property, plant and equipment, finance costs, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resources allocations and performance assessment.

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

- all assets are allocated to reportable and operating segments other than investment properties, certain deferred tax assets, certain property, plant and equipment, certain equity instruments at FVTOCI/available-for-sale investments, certain prepayments and deposits and other receivables and certain bank balances and cash; and
- all liabilities are allocated to reportable and operating segments other than certain other payables, certain tax payables and certain other loan and other borrowings.

#### Other Segment Information

	Scaffolding services for construction and buildings work HK\$'000	Fitting out services for construction and buildings work HK\$'000	Management contracting services for construction and buildings work HK\$'000	Gondolas, parapet railings and access equipment installation and maintenance services HK\$'000	Money lending business HK\$'000	Securities brokerage and margin financing HK\$'000	Securities investment business HK\$'000	Assets management business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>For the year ended 30 April 2019</b>										
Capital expenditure	2,067	15	-	1,302	-	-	-	-	105	3,489
Depreciation	5,747	156	-	666	-	271	-	-	546	7,386
Fair value gain on investment properties	-	-	-	-	-	-	-	-	410	410
Gain on disposal of property, plant and equipment	37	-	-	43	-	-	-	-	-	80
Loss on disposal and write-off of property, plant and equipment	(28)	-	-	-	-	-	-	-	-	(28)
Fair value loss on financial assets at FVTPL, net	-	-	-	-	-	-	(24,467)	-	-	(24,467)
Gain on disposal of financial assets at FVTPL	-	-	-	-	-	-	6,113	-	-	6,113

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Other Segment Information (Continued)

	Scaffolding services for construction and buildings work <i>HK\$'000</i>	Fitting out services for construction and buildings work <i>HK\$'000</i>	Management contracting services for construction and buildings work <i>HK\$'000</i>	Gondolas, parapet railings and access equipment installation and maintenance services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage and margin financing <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the year ended 30 April 2018</b>										
Capital expenditure	(121)	(41)	-	(40)	-	(64)	-	-	-	(266)
Depreciation	(7,468)	(151)	-	(562)	-	(270)	-	-	(561)	(9,012)
Reversal of/(allowance for) bad and doubtful debts on trade receivables and retention monies receivables	725	(21,048)	-	29	-	-	-	-	-	(20,294)
Fair value gain on investment properties	-	-	-	-	-	-	-	-	12,000	12,000
Gain on disposal of property, plant and equipment	584	-	-	-	-	-	-	-	-	584
Loss on disposal and write-off of property, plant and equipment	(1,190)	-	-	-	-	-	-	-	-	(1,190)
Write-off of trade receivables	(383)	-	-	(20)	-	-	-	-	-	(403)
Write-off of long-aged trade payables	-	-	-	-	-	-	-	-	28	28
Bad debts recovered	-	-	-	25	-	-	-	-	-	25
Impairment of available-for-sale investments	-	-	-	-	-	-	(25,710)	-	-	(25,710)
Fair value loss on FVTPL, net	-	-	-	-	-	-	(30,525)	-	-	(30,525)
Loss on disposal of available-for-sale investments	-	-	-	-	-	-	(19,656)	-	-	(19,656)
Loss on disposal of financial assets at FVTPL	-	-	-	-	-	-	(33,473)	-	-	(33,473)
Gain on redemption of available-for-sale investments	-	-	-	-	-	-	963	-	-	963

#### Geographical segments

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

	Revenue		Specified non-current assets	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	<b>180,306</b>	152,175	<b>73,139</b>	76,682

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Information on major customers

During the year, the Group had transactions with two (2018: one) customers who contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from these major customers is set out below:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue earned from scaffolding services for construction and buildings work:		
Customer 1	57,444	44,473
Customer 2	22,344	7,116
	<u>57,444</u>	<u>44,473</u>
	<u>22,344</u>	<u>7,116</u>

### 4. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Rental income	898	642
Management fee income	790	–
Sundry income	383	212
Interest income	62	335
Foreign exchange gains, net	15	7
Reversal of allowance for bad and doubtful debts	–	2,154
Dividend income	–	112
	<u>2,148</u>	<u>3,462</u>

### 5. OTHER GAINS AND (LOSSES)

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Fair value loss on financial assets at FVTPL, net	(24,467)	(30,525)
Gain (loss) on disposal of financial assets at FVTPL	6,113	(33,473)
Impairment of available-for-sale investments	–	(25,710)
Loss on disposal of available-for-sale investments	–	(19,656)
Gain on redemption of available-for-sale investments	–	963
Net impairment losses (recognised) reversed arising from ECL on :		
– Loan and interest receivables	(6,303)	–
– Trade receivables	1,442	–
– Contract assets	701	–
Write-off of trade receivables	(2,197)	–
Write-off of loan and interest receivables	(5,690)	–
	<u>(30,401)</u>	<u>(108,401)</u>

## 6. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank borrowings and bank overdrafts	2,448	1,983
Interest on other loan and other borrowings	6,003	4,476
Interest on obligations under finance leases	114	134
	<u>8,565</u>	<u>6,593</u>

## 7. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Taxation comprises:		
Hong Kong Profits Tax		
Current year charged	414	568
Overprovision in prior year	(85)	–
Deferred tax		
Current year charged	134	(311)
	<u>463</u>	<u>257</u>

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

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

## 7. TAXATION (Continued)

Loss before taxation is reconciled to taxation in profit or loss in the consolidated statement of profit or loss as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Loss before taxation	<u>(55,414)</u>	<u>(122,469)</u>
Tax at tax rate applicable in the relevant jurisdictions	<b>(9,143)</b>	(20,207)
Tax effect of expenses not deductible for tax purpose	<b>11,340</b>	14,608
Tax effect of income not taxable for tax purpose	<b>(5,002)</b>	(3,244)
Tax effect of tax losses not recognised	<b>4,004</b>	11,096
Tax effect of recognition of tax losses previously not recognised	<b>(59)</b>	(1,768)
Tax effect of utilisation of tax losses previously not recognised	<b>(406)</b>	(228)
Overprovision in prior year	<b>(85)</b>	–
Tax concession	<b>(186)</b>	–
	<hr/>	<hr/>
Taxation	<u><b>463</b></u>	<u>257</u>

## 8. LOSS FOR THE YEAR

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts on trade receivables and retention monies receivables, net of reversal	–	20,294
Write-off of trade receivables	–	403
Write-off of long-aged trade payables	–	(28)
Bad debts recovered	–	(25)
Auditor's remuneration		
– audit service	<b>875</b>	670
– non-audit service	<b>121</b>	120
Cost of inventories recognised as an expense	<b>8,551</b>	7,034
Fair value loss on financial assets at FVTPL		
– Held for trading	<b>10,522</b>	23,925
– Designated as fair value through profit or loss	<b>13,945</b>	6,600
	<hr/>	<hr/>
	<u><b>24,467</b></u>	<u>30,525</u>

## 8. LOSS FOR THE YEAR (Continued)

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Depreciation	7,386	9,012
Gross rental income from investment properties	560	516
Less: direct operating expenses incurred for investment properties that generate rental during the year	(279)	(234)
	<u>281</u>	<u>282</u>
Gain on disposal of property, plant and equipment	(80)	(584)
Loss on disposal and write-off of property, plant and equipment	28	1,190
Minimum lease payments for operating leases in respect of land and buildings	6,656	6,194
Staff costs including directors' emoluments		
– Basis salaries, bonus, other benefits and retirement benefit scheme contributions	48,614	44,757
– Share-based payment expenses	–	7,280
	<u>48,614</u>	<u>52,037</u>

## 9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 30 April 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

## 10. LOSS PER SHARE

### Basic and diluted loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to the owners of the Company totaling approximately HK\$51,898,000 (2018: HK\$109,788,000) for the year ended 30 April 2019 and on the weighted average number of 14,367,101,072 (2018: 12,946,827,099) ordinary shares outstanding during the year ended 30 April 2019.

The weighted average numbers of ordinary shares for the purpose of calculating basic loss per share for the year ended 30 April 2018 had been adjusted to reflect the issue of consideration shares (“consideration shares”) on 21 March 2018.

On 21 March 2018, the Company allotted and issued 1,600,000,000 shares as consideration for acquisition of Blue Pool Ventures Limited and its wholly-owned subsidiary. The closing market price per share of the Company was HK\$0.043 on the date of issue of the consideration shares. The consideration shares represented approximately 11.14% of the then enlarged issued share capital of the Company.

The computation of diluted loss per share for the years ended 30 April 2019 and 2018 does not assume the exercise of the Company's share option as the exercise would result in a decrease in loss per share for the year.



## 11. LOAN AND INTEREST RECEIVABLES

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Loan and interest receivables	<b>502,133</b>	503,608
Less: allowance for credit losses	<b>(41,056)</b>	–
	<u><b>461,077</b></u>	<u>503,608</u>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Amounts fall due within one year	<b>57,066</b>	230,235
Amounts fall due within one to second year	<b>128,817</b>	131,714
Amounts fall due within second to fifth year	<b>275,194</b>	141,659
	<u><b>461,077</b></u>	<u>503,608</u>

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

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Amounts secured with guarantor	<b>34,134</b>	36,942
Amounts secured with securities ( <i>Note</i> )	<b>135,996</b>	305,442
Amounts unsecured	<b>290,947</b>	161,224
	<u><b>461,077</b></u>	<u>503,608</u>

*Note:* The securities are ordinary shares of companies listed on the Stock Exchange.

## 11. LOAN AND INTEREST RECEIVABLES (Continued)

The table below summarises its credit quality (gross balances net of impairment allowances) as at 30 April 2018:

	2018 <i>HK\$'000</i>
Credit quality:	
Past due but not individually impaired	42,204
Neither past due nor individually impaired	<u>461,404</u>

As at 30 April 2019, included in the Group's loan and interest receivables balance are debtors with aggregate gross carrying amount of approximately HK\$31,992,000 which are past due as at the reporting date, of which approximately HK\$1,693,000 has been past due less than 30 days, approximately HK\$4,033,000 has been past due more than 30 days but less than 90 days and approximately HK\$26,266,000 has been past due more than 90 days. The directors of the Company considers credit risks have increased significantly and those past due more than 90 days are considered as credit impaired.

Included in the carrying amount of loan and interest receivables as at 30 April 2019 is accumulated impairment losses of HK\$41,056,000 (30 April 2018: HK\$nil).

As at 30 April 2018, included in the loan and interest receivables of HK\$461,404,000 were neither past due nor impaired and amount of HK\$42,204,000 were past due but not impaired.

For the year ended 30 April 2018, in determining the impairment of loan and interest receivables from money lending business, the management considered the settlements subsequent to maturity of the relevant loan and interest receivables and the estimated recoverable amount of the corresponding pledged assets of each borrower less cost to sell. Loan and interest receivables that were past due but not impaired relate to a number of independent borrowers that have good repayment history, collateral maintained with the Group or subsequently settled after the reporting date. Base on the past experience, the directors of the Company were of the view that no provision of impairment was necessary and the balance was still considered fully recoverable. All loan and interest receivables that were neither past due nor impaired had no default payment history over the term of loan and the directors of the Company were of the opinion that the amounts were recoverable.

During the year ended 30 April 2019, loan and interest receivables were charging on fixed interest rate mutually agreed between the contracting parties, ranging from 6.5% to 24% (2018: 6.5% to 40%) per annum.

## 12. TRADE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables from		
– Scaffolding and fitting out services and other services for construction and buildings work ( <i>Note a</i> )	39,565	58,370
– Securities brokerage and margin financing business ( <i>Note b</i> )	4,003	13,794
	<u>43,568</u>	<u>72,164</u>
Less: Allowance for credit losses	(1,449)	(23,657)
	<u><u>42,119</u></u>	<u><u>48,507</u></u>

### Notes:

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 90 days	31,781	20,855
91 to 180 days	2,539	2,169
181 to 365 days	793	4,643
Above 1 year	3,003	7,046
	<u><u>38,116</u></u>	<u><u>34,713</u></u>

As at 30 April 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$6,335,000, which are past due as at the reporting date. Out of the past due balances, approximately HK\$3,796,000 has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 30 April 2018, debtors with aggregate carrying amount of approximately HK\$13,858,000 were past due at the reporting date for which the Group did not provide for impairment loss as there had not been a significant change in the credit quality and amounts were still considered recoverable based on historical experience.

## 12. TRADE RECEIVABLES (Continued)

- (b) The normal settlement terms of trade receivables from securities brokerage and margin financing business are two days after trade date.

Trade receivables from securities brokerage and margin financing business, net of individually impaired receivables, amounted to approximately HK\$4,003,000 (2018: HK\$13,794,000), of which trade receivables from margin clients amounting to HK\$3,824,000 (2018: HK\$5,822,000) as at 30 April 2019 are secured by clients' pledged securities with fair value of HK\$93,345,000 (2018: HK\$68,357,000). All of the pledged securities are listed equity securities in Hong Kong. The margin loans are repayable on demand subsequent to settlement date and carry at fixed interest rate of 10.5% (2018: 10%) per annum. In respect of margin loans lent to client for allotment of Initial Public Offering ("IPO"), such margin loans carry at fixed interest rate of 1.5% (2018: 1.5%) per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

No allowance for bad and doubtful debts have been recognised for trade receivables from securities brokerage and margin financing business for both of the years ended 30 April 2019 and 2018.

The Group has concentration of credit risk as 100% (2018: 27.5%) of the total trade receivables from margin clients which are due from the Group's five largest margin clients. The whole amount is secured by clients' pledged securities with the fair value of approximately HK\$10,851,000 as at 30 April 2019 (2018: HK\$12,419,000). The Group believes that the amount is considered recoverable given the collateral is sufficient to cover the entire balance on individual basis. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities brokerage and margin financing.

### 13. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables to Securities brokerage and margin financing business		
– Cash and margin clients ( <i>Note a</i> )	9,177	22,821
– Clearing house ( <i>Note a</i> )	21	653
Other trade creditors ( <i>Note b</i> )	<u>10,097</u>	<u>6,705</u>
 Total trade payables	 <b>19,295</b>	 30,179
Other payables	3,584	24,445
Accruals	<u>6,245</u>	<u>9,409</u>
 Total trade and other payables	 <b><u>29,124</u></b>	 <b><u>64,033</u></b>

*Notes:*

- (a) The settlement terms of trade payables arising from the securities brokerage and margin financing business are two days after trade date or at specific terms agreed with clearing house. Trade payables to cash and margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of securities brokerage and margin financing business. As at 30 April 2019, trade payables amounting to approximately HK\$9,198,000 (2018: HK\$23,474,000) were payable to cash and margin clients and clearing house in respect of the trust and segregated bank balances received and held for cash and margin clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.
- (b) The following is an aged analysis of trade payables to other trade creditors based on the invoice date:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 90 days	7,214	5,764
91 to 180 days	1,110	817
181 to 365 days	<u>1,773</u>	<u>124</u>
	<b><u>10,097</u></b>	<b><u>6,705</u></b>

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

#### 14. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Amounts payable under finance leases:				
Within one year	1,018	843	952	751
Within one to second year	766	838	739	783
Within second to fifth year	275	660	270	648
	<u>2,059</u>	<u>2,341</u>		
Less: future finance charges	(98)	(159)		
Present value of lease obligations	<u>1,961</u>	<u>2,182</u>	1,961	2,182
Less: Amount due within one year shown under current liabilities			(952)	(751)
Amount due after one year			<u>1,009</u>	<u>1,431</u>

The Group leases motor vehicles under finance leases. The average lease term ranges from three to four years (2018: four years). For the year ended 30 April 2019, the effective interest rate ranges from 3.83% to 5.32% (2018: 5.32%) per annum. The interest rate is fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. The Group has options to purchase the motor vehicles for a nominal amount at the end of the lease term.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

#### 15. BANK BORROWINGS AND BANK OVERDRAFTS

As at 30 April 2019 and 2018, bank borrowings and bank overdrafts were secured by the Group's properties, trade receivables, contract assets and the Company's corporate guarantee and are repayable on demand or repayable within one year. The amounts due are based on scheduled repayment dates set out in the loan agreements.

All the Group's bank borrowings and bank overdrafts carried variable interest at 1-month Hong Kong Interbank Offered Rate (the "HIBOR") plus 1.5% per annum or from Hong Kong Dollar Prime Rate (the "Prime Rate") to the Prime Rate minus 1% as at 30 April 2019 and 2018. The effective interest rate for the Group's bank borrowings and bank overdrafts ranged from 2.83% to 5.38% per annum (2018: 2.18% to 5.25% per annum).

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

## 16. OTHER LOAN AND OTHER BORROWINGS

Other borrowings represented the coupon bonds issued by the Group.

During the year, Gold Medal Hong Kong Limited (“Gold Medal”), an indirect wholly-owned subsidiary of the Company, issued a 2-year 8% coupon bonds in the principal amount of HK\$54,000,000 on 12 September 2018 to refinance the 2-year 4% coupon bond issued by Gold Medal on 12 September 2016. The whole principal amount is repayable at the date of its maturity. The bondholder may request early redemption of the bond after one year of the issuance date of the bond. The redemption right is not yet effective as at 30 April 2019.

During the year ended 30 April 2019, two 1-year 5% coupon unlisted straight bonds at a nominal value of HK\$10,000,000 of each issued by Gold Medal and the Company, respectively, which were secured by the Company’s corporate guarantee, were matured and redeemed by the Group.

Other loan represents loan from a financial institution which was refinanced subsequent to the partial repayment of HK\$2,000,000 during the year with 9.5% (2018: 9.5%) interest rate per annum. The loan is repayable within eight months and secured by the Company’s corporate guarantee.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year ended 30 April 2019 (“Year”), the Group continued to face challenges in its overall group business operations, but recorded an increase in the Group’s total revenue to approximately HK\$180.3 million, representing an increase of approximately 18.5% as compared with the year ended 30 April 2018 (“Last Year”). Net loss attributable to the owners of the Company for the Year was approximately HK\$51.9 million, representing a decrease of approximately 52.7% as compared with Last Year.

#### Scaffolding Services

Scaffolding services remained as the largest business segment of the Group during the Year. The Group has been and continues to be a pioneer of the scaffolding industry for over 65 years. Apart from scaffolding services, the Group also delivered world-class specialist construction and building solutions ranging from fitting out services to gondolas, access equipment installation and maintenance services.

In recent years, a number of large-scale infrastructure projects have been carried out by the Government of the Hong Kong Special Administrative Region (“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. This in turn stimulated the positive growth of the construction industry during the Year.

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 during the Year.

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Year, the Group provided scaffolding services to 37 ongoing projects, 12 of which were completed on schedule and 16 new contracts were awarded. The segment recorded a significant increase in revenue by approximately HK\$28.4 million for the Year, representing an increase of approximately 33.7% as compared with Last Year.



## **Project Portfolio of Scaffolding Segment (As of 30 April 2019)**

- Residential Development of Victoria Harbour
- Shopping Mall and Residential Development of Harbour North
- West Rail Nam Cheong Station (T6-T8)
- Novum West Residential Building
- Residential Development of 97 Belcher's Street
- Kau To Shan, Shatin Residential Building
- Shopping Mall and Residential Development of West Rail Long Ping Station (South) in Yuen Long
- Comprehensive Development of Down Town 38
- Public Housing Development of Choi Fook Estate Phase 3 & Sports Centre in Kwun Tong
- Hotel Vic on the Harbour
- Kai Tak Children's Hospital
- French International School of Hong Kong – Tseung Kwan O Campus
- Comprehensive Development of Wetland Park, TSW TL No.33
- Comprehensive Development of Wetland Park, TSW TL No.34
- Residential Development of Century Link
- Commercial Development of 680 Castle Peak Road
- Residential Building of TKO Site No. 66D2
- Development of Event Centre of Ma Wan Park
- Nos. 1-3 Residential Development of Phase 1B, Sha Po North
- Shek O Staff Club
- Refurbishment of Sheung Shui Advanced Technology Centre
- Residential Development of Kai Tak Site 6567
- Suspended Scaffolding of Phase I Building of The Wings
- Development of Kwai Chung 522 Grade A Industrial Building
- Residential Development of MAYA
- Refurbishment of Parker House
- Refurbishment of Gate Gourmet Catering Building
- Development of Yung Ming Court Home Ownership Scheme
- Development of Yu Tai Court Home Ownership Scheme
- Refurbishment of Le Prestige Lohas Park
- New Data Centre at TKO TL 122
- Commercial Building of 33 Tseuk Luk Street, San Po Kong
- Industrial Building of 212-214, Texaco Road, Tsuen Wan
- Pak Tin Community Complex
- Scaffold Dismantling of Former Cheung Sha Wan Slaughterhouse
- Refurbishment of External Walls of Shun Tak Centre
- Refurbishment of Chelsea Heights Shopping Mall, Phase 2
- Refurbishment of Metroplaza Shopping Mall, Kwai Fong
- Refurbishment of Luen Tai Industrial Building
- Refurbishment of 26 Nathan Road, Tsim Sha Tsui
- Refurbishment of Tai Po Mega Mall
- Refurbishment of Valid Industrial Centre, Kwai Chung
- Public Housing Development at Shek Kip Mei Estate Phases 3, 6 & 7
- Residential Development of Eden Manor
- AIA European Carnival Metal Scaffold

## **Fitting out Services**

For the fitting out services segment, the Group mainly provided fitting out services to commercial institutions and luxury residence end-users during the Year. The Group has also extended its scope of services to include ceiling work and to date, it has been receiving encouraging feedback from its clients. Due to the keen competition of fitting out services, the Group's revenue from fitting out services for the Year has decreased to approximately HK\$19.2 million, representing a decrease of approximately 15.9% when compared with the Last Year. The Group will continue to proactively acquire new contracts.

## **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. For the Year, revenue from this segment was approximately HK\$2.2 million (Last Year: approximately HK\$3.6 million).

## **Money Lending Business**

During the Year, the local stock market fluctuated and the overall financial market was getting worse due to the trade war between China and the United States ("US"), which has made challenges to the Group's money lending business as well. However, the Group has been focusing on short-term and long-term loans with relatively attractive interest returns during the Year.

Leveraging on the management's extensive network, several short-term and long-term loan agreements have been secured during the Year. The business segment generated stable revenue to the Group and the Group recorded a turnover of approximately HK\$40.4 million for the Year (Last Year: approximately HK\$40.5 million). The principal amount of the loans ranged from HK\$1.5 million to HK\$30 million with interest rates ranging from 6.5% to 24% per annum during the Year.

## **Securities Investment Business**

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

The Group recorded a net loss of approximately HK\$18.4 million (Last Year: net loss of approximately HK\$108.4 million) for its investment portfolio for the Year, which was mainly due to the volatility of the stock market in Hong Kong. The Group foresees that the global economy will continue to be unstable in year 2019/2020 as a result of the threat of trade war and the technology war between China and the US. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

### **Securities Brokerage and Margin Financing**

The Group commenced its securities brokerage and margin financing operations ever since OX Financial Securities Limited ("OX Financial"), its indirect wholly-owned subsidiary, was granted the licence to conduct type 1 (dealing in securities) regulated activity by the Securities and Futures Commission of Hong Kong ("SFC") in 2017. This business contributed approximately HK\$0.8 million to the Group's revenue for the Year (Last Year: approximately HK\$0.7 million). The Group will continue to place more efforts and resources on developing its business in the financial service sector.

On 26 April 2018, the Company entered into a non-legally binding memorandum of understanding with FinTech Chain Limited in relation to the proposed cooperation on the integration of blockchain technology in the financial business of the Group. However, due to the unfavourable market sentiment, such cooperation is currently put on hold.

### **Assets Management Business**

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited ("Blue Pool"), the holding company of Mass Fidelity Asset Management Limited ("Mass Fidelity"), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Year, the assets management business recorded a turnover of approximately HK\$4.9 million (Last Year: HK\$0.3 million).

Pursuant to the sale and purchase agreement dated 5 February 2018 entered into between the Group as purchaser and Mr. Leung Wai Ho ("Mr. Leung") as vendor in relation to the sale and purchase of Blue Pool, Mr. Leung agreed that where the audited net profit after tax of Mass Fidelity for the 12-month period commencing from the first day of the calendar month immediately after the completion date ("Actual PAT") is less than HK\$3 million, the consideration shall be adjusted and Mr. Leung shall pay to the Group the shortfall amount (which is HK\$45,000,000 – Actual PAT x 15 and Actual PAT shall be deemed to be zero if it is a negative figure). Pursuant to the audited accounts of Mass Fidelity for the 12 months ended 31 March 2019, the Actual PAT exceeded HK\$3 million. Therefore, there is no adjustment to the consideration.

## **Business Outlook**

Based on the HKSAR's land supply forecast, a total of 460,000 residential units are expected to be added to the market by 2027, generating a great deal of future construction projects. As one of the market leaders with a solid reputation in the local scaffolding industry, the Group is confident about acquiring more contracts. However, continuing high labour costs and fierce competition are expected to last due to the ongoing problem of inadequate labour supply.

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

After a few years of serious efforts to develop its financial service operations, Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Group and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), generated stable returns and satisfactory profit margins for the Year. The Group mainly targets listed companies, medium to large-sized enterprises and individuals that who can provide corporate guarantees or securities pledged in order to maintain a relatively low bad debt level. The current loan portfolio has reached approximately HK\$461.1 million and is expected to remain stable in coming years.

The securities brokerage and margin financing business operated by OX Financial, an indirect wholly-owned subsidiary of the Company, has been running smoothly during the Year.

On 8 February 2019, SFC granted the licences to conduct type 4 (Advising on Securities) and type 9 (Asset Management) regulated activities to OX Financial Assets Management Limited ("OX Assets Management"), an indirect wholly-owned subsidiary of the Company. We expected that OX Assets Management will commence such businesses in foreseeable future.

During the Year, Mass Fidelity, a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong principally engaged in assets management, has generated positive profits to the Group. It is expected that this new business will continue to generate positive profits in coming years.

Although there remain uncertainties affecting the global economy in 2019, including the US's anticipated rate hikes and reduction of its balance sheet, the threat of trade war between the US and China as well as the repercussions of Brexit, the Group remains optimistic about the Asian stock markets backed by the China's economic growth and improving exports to other Asian markets. Looking ahead, the Group will continue developing its money lending business, which is considered by the Group as a future profit driver. Meanwhile, the Group will strictly adhere to its cost control policy, and swiftly adjust business strategies for the scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for its shareholders.

## FINANCIAL REVIEW AND ANALYSIS

During the Year, the Group recorded a turnover of approximately HK\$180.3 million (Last Year: approximately HK\$152.2 million), representing an increase of approximately 18.5% as compared with that of Last Year. The Company recorded a net loss attributable to its owners of approximately HK\$51.9 million for the Year (Last Year: approximately HK\$109.8 million). The decrease in net loss was mainly due to the decrease in loss from the Group's securities investments business by approximately HK\$90.1 million which was partially offset by the impairment loss recognised in respect of goodwill and intangible assets of approximately HK\$32.7 million for the Year.

The increase in turnover was mainly due to the increase in contract income generated from the scaffolding services business during the Year.

In the Year, as the overall financial market was getting worse due to the trade war between China and the US and the expansion of asset management business was not carried out as planned, the Directors have consequently determined impairment of goodwill and intangible assets directly related to asset management business amounting to HK\$25.4 million and HK\$7.3 million respectively.

For the Year, gross profit of the Group increased by approximately 14.2% to approximately HK\$61.0 million as compared with Last Year (Last Year: approximately HK\$53.4 million) and gross profit margin decreased to approximately 33.8% (Last Year: approximately 35.1%). Gross profit margin of the Group decreased mainly because a larger share of the Group's revenue for the Year came from its scaffolding services business, which had a relatively low profit margin.

During the Year, the operating and administrative expenses (excluding an allowance for bad and doubtful debts on trade receivables and retention monies receivables, net of reversal) amounted to approximately HK\$47.4 million (Last Year: approximately HK\$55.4 million). The decrease was mainly due to the net effect of (i) the decrease in legal and professional fees of approximately HK\$1.5 million; (ii) no share based payments was incurred during the Year (Last Year: approximately HK\$7.3 million); (iii) the increase in staff costs by approximately HK\$3.8 million as a result of general increase in labour costs in Hong Kong construction industries; and (iv) the increase in general operating costs of the Group's business by approximately HK\$3.0 million during the Year. Management of the Group continued to adopt a policy of vigilant cost monitoring and operation streamlining in order to minimise cost and optimise efficiency during the Year.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 30 April 2019, the Group's consolidated equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$646.0 million (30 April 2018: approximately HK\$727.3 million), approximately HK\$273.1 million (30 April 2018: approximately HK\$488.6 million), approximately HK\$110.8 million (30 April 2018: approximately HK\$272.2 million) and approximately HK\$798.3 million (30 April 2018: approximately HK\$928.5 million) respectively.

As at 30 April 2019, the Group's consolidated bank borrowings and bank overdrafts were approximately HK\$34.5 million (30 April 2018: approximately HK\$29 million) and approximately HK\$19.8 million (30 April 2018: approximately HK\$15.3 million) respectively. As at 30 April 2019, the Group's other loan and other borrowings was HK\$70 million (30 April 2018: HK\$92 million). As at 30 April 2019, obligations under finance leases amounted to approximately HK\$2.0 million (30 April 2018: approximately HK\$2.2 million). As at 30 April 2019, other loan and other borrowings included (i) the 8% coupon bond of HK\$54 million issued by Gold Medal, an indirect wholly-owned subsidiary of the Company on 12 September 2018; and (ii) other loan of HK\$16 million refinanced from a financial institution during the Year.

As at 30 April 2019, the Group's bank balances and cash in general accounts amounted to approximately HK\$110.1 million (30 April 2018: approximately HK\$98.8 million). As at 30 April 2019, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 19.6% (30 April 2018: approximately 19.0%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other loan and other borrowings and obligation under finance leases.

As at 30 April 2019, most of the Group's bank balances and cash, bank borrowings and bank overdrafts, other loan and other borrowings and obligations under finance leases were denominated in Hong Kong dollars. All the bank borrowings and bank overdrafts bore interest at market rates and were repayable on demand or within one year. Obligations under finance leases had an average lease term ranging from three to four years (2018: 4 years) and all such leases had interest rates fixed at the contract date and fixed repayment bases. The other loan bore an interest rate of 9.5% (30 April 2018: 9.5%) per annum for the Year and was repayable within one year. The coupon bond issued in 2018 bore interest at 8% per annum and will be matured on the second anniversary date of the issue date. The bondholder may request early redemption of the bond after one year of the issue date.

## **SHARE CAPITAL**

The Company did not issue any shares or debentures during the Year. Gold Medal, an indirect wholly-owned subsidiary of the Company, issued a 2-year 8% coupon bonds in the principal amount of HK\$54 million on 12 September 2018 to refinance the 4% coupon bonds issued by Gold Medal on 12 September 2016.

## **FINAL DIVIDEND**

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

## **SEGMENT INFORMATION**

### **Operating segments**

The Group is currently organised into eight operating segments – (i) scaffolding services for construction and buildings work; (ii) fitting out services for construction and buildings work; (iii) management contracting services for construction and buildings work; (iv) gondolas, parapet railings and access equipment installation and maintenance services; (v) money lending business; (vi) securities brokerage and margin financing; (vii) securities investment business and (viii) assets management business.

### **Geographical segments**

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

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES**

The Group did not have material acquisitions or disposals of subsidiaries or associates during the Year.

## **PROPOSED PROPERTY DISPOSAL**

On 24 January 2018, Wui Loong Holdings Company Limited (“Wui Loong”), a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Estate Lion Limited (“Estate Lion”), an independent third party, pursuant to which Estate Lion conditionally agreed to acquire, and Wui Loong conditionally agreed to sell, units 1, 2, 3, 5, 6, 21, 22, 23, 25, 26 and 27 on 10th Floor of Pacific Link Tower, Southmark, No.11 Yip Hing Street, Hong Kong at the aggregate consideration of HK\$110,000,000 (“Proposed Property Disposal”). In accordance with the terms and conditions of the provisional sale and purchase agreement, on 7 February 2018, Wui Loong and Estate Lion entered into the formal sale and purchase agreement in respect of the Proposed Property Disposal on the same principal terms as set out under the provisional sale and purchase agreement. The Proposed Property Disposal constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the Company’s shareholders’ approval. A special general meeting of the Company was held on 17 April 2018 and the ordinary resolution approving the Proposed Property Disposal was not passed by the Company’s shareholders.

On 14 May 2018, Wui Loong and Estate Lion entered into the cancellation agreement to cancel and terminate the formal sale and purchase agreement in relation to the Proposed Property Disposal with immediate effect. Wui Loong had refunded the deposits in the total sum of HK\$11,000,000 to Estate Lion. Further details of the Proposed Property Disposal are set out in the Company's announcement dated 24 January 2018, 17 April 2018 and 14 May 2018 and the Company's circular dated 21 March 2018.

## SIGNIFICANT INVESTMENTS

As at 30 April 2019, the equity instruments at fair value through other comprehensive income ("FVTOCI") of the Group amounted to approximately HK\$11.6 million and financial assets at fair value through profit or loss ("FVTPL") of the Group amounted to approximately HK\$40.8 million. Given that securities investment is one of the Group's ordinary principal businesses, the Directors considered that (i) investments with a carrying amount that account for more than 5% of the Group's audited net assets as at 30 April 2019; (ii) investments with a carrying amount that account for more than 5% of the Group's total securities investment as at 30 April 2019; or (iii) investments which recorded realised or unrealised gain/(loss) or impairments or increase/(decrease) in FVTOCI reserve of over HK\$5 million during the reporting period as significant investments.

Description of investments	Notes	Carrying amount as at 1 May 2018 HK\$'000	Acquisition during the period the period HK\$'000	Disposal during the period the period HK\$'000	Increase/ (decrease) in FVTOCI/ investment revaluation reserve HK\$'000	Fair value gain/(loss) and gain/(loss) on disposal recognised in profit or loss HK\$'000	Carrying amount as at 30 April 2019 HK\$'000	Percentage to the Group's audited net assets as at 30 April 2019	Percentage to the Group's audited total assets as at 30 April 2019	Percentage to the Group's total securities investment as at 30 April 2019
<b>Equity instruments at FVTOCI</b>										
Capital VC Limited ("Capital VC") (stock code: 2324)	(a)	10,738	-	-	(6,817)	-	3,921	0.62%	0.49%	7.49%
China Kingstone Mining Holdings Limited ("CKMH") (stock code: 1380)	(b)	6,493	-	(10,042)	3,549	-	-	-	-	-
Equity securities listed in Hong Kong	(c)	1,690	-	-	(962)	-	728	0.12%	0.09%	1.39%
Unlisted investment funds, at fair value	(d)	-	3,000	-	3,597	-	6,597	1.04%	0.82%	12.6%
Unlisted investment, at cost		561	-	-	(229)	-	332	0.05%	0.04%	0.63%
		<u>19,482</u>	<u>3,000</u>	<u>(10,042)</u>	<u>(862)</u>	<u>-</u>	<u>11,578</u>	<u>1.83%</u>	<u>1.44%</u>	<u>22.11%</u>
<b>Financial assets at FVTPL</b>										
Convertible bonds ("CB") of China e-Wallet Payment Group Limited (formerly known as RCG Holdings Limited) ("China e-Wallet") (stock code: 802)	(e)	28,800	-	-	-	(13,945)	14,855	2.34%	1.86%	28.38%
China Investments and Finance Group Limited ("CIFL") (stock code: 1226)	(f)	5,980	-	-	-	1,196	7,176	1.13%	0.90%	13.71%
Hao Wen Holdings Limited ("Hao Wen") (stock code: 8019)	(g)	8,313	-	-	-	(4,025)	4,288	0.68%	0.54%	8.20%
Equity securities listed in Hong Kong	(h)	20,679	32,973	(37,629)	-	(1,580)	14,443	2.28%	1.81%	27.60%
		<u>63,772</u>	<u>32,973</u>	<u>(37,629)</u>	<u>-</u>	<u>(18,354)</u>	<u>40,762</u>	<u>6.43%</u>	<u>5.11%</u>	<u>77.89%</u>
		<u>83,254</u>	<u>35,973</u>	<u>(47,671)</u>	<u>(862)</u>	<u>(18,354)</u>	<u>52,340</u>	<u>8.26%</u>	<u>6.55%</u>	<u>100.00%</u>



*Notes:*

- (a) Capital VC and its subsidiaries (collectively referred to as the “Capital VC Group”) were principally engaged in investing in listed and unlisted companies.

As at 30 April 2019, the Group held 93,380,000 shares of Capital VC, which represented approximately 3.39% of total issued share capital of Capital VC at the same date.

As disclosed in the interim report of Capital VC for the six months ended 31 March 2019, Capital VC expects that the investment environment in the US and other advance economies will be challenging in short to medium terms. In Asia, the China economy affected by the trade war is normally expected. As such, the directors of Capital VC will continue to adopt cautious measures to manage the Capital VC Group’s investment portfolio.

- (b) CKMH and its subsidiaries (collectively referred to as the “CKMH Group”) were principally engaged in the production and sales of marble and marble related products in China.

During the Year, the Group disposed all of 84,320,000 shares of CKMH due to rebound of its share price. Such disposal resulted in a loss of approximately HK\$0.1 million.

- (c) As at 30 April 2019, equity securities listed in Hong Kong under the category of equity instruments at FVTOCI represented the Group’s investments in two companies whose shares are listed on the Main Board of the Stock Exchange. Each of such investments had a carrying amount that account for (i) less than 5% of the Group’s audited net assets as at 30 April 2019 and (ii) less than 5% of the Group’s total securities investment as at 30 April 2019, and each of such investment did not record a realised or unrealised gain/(loss) or impairments or increase/(decrease) in FVTOCI reserve of over HK\$5 million during the Year.

- (d) There were two unlisted investment fund in this category, one of which was acquired during the reporting period and was held for an identified long term strategic propose and the Group does not intend to dispose it in the foreseeable future. The fair value of this fund has been determined by reference to the quotation provided by the fund manager of this fund as at 30 April 2019.

- (e) This investment represented the subscription of CB of China e-Wallet in the total amount of HK\$15,000,000 with an interest rate of 2.5% per annum of the principal amount and the conversion price being HK\$0.25 per conversion share. The CB will mature 36 months from the issuing date (i.e. 14 October 2016). As at 30 April 2019, the fair value of the CB subscribed by the Group was HK\$14.9 million based on the valuation report prepared by a professional valuer.

China e-Wallet and its subsidiaries (collectively referred to as the “China e-Wallet Group”) were principally engaged in the provision of biometric and RFID products and solution services, internet and mobile application and related services.

As disclosed in the annual report of China e-Wallet for the year ended 31 December 2018, China e-Wallet Group had met considerable challenges that were faced by major corporations in the global economy. However, China e-Wallet Group had adapted and continued to improve on its core businesses and delivery, placing innovation in its products and business operations at its fundamental.

- (f) CIFL and its subsidiaries (collectively referred to as the “CIFL Group”) were principally engaged in securities trading and investment holding.

As at 30 April 2019, the Group held 92,000,000 shares of CIFL, which represented approximately 4.08% of total issued share capital of CIFL at the same date.

As disclosed in the annual report of CIFL for the year ended 31 March 2019, CIFL expects that (i) the global market will continue to face greater challenges and be full of uncertainty, developed economies are beginning to have signs of recovery, but the developing economies also have trends of adjustment; and (ii) China is also facing a slowdown in economic growth, economic structure has undergone significant changes during the transition from medium to long term, crisis and opportunities coexist. Accordingly, the directors of CIFL will continue to take a prudent approach in managing the CIFL Group’s investment portfolio and develop the investment strategies. Given the increasing influence of China against the global economy, the CIFL Group will still be based mainly on Chinese economy, the CIFL Group will continue to look for investment opportunities which offer outstanding returns under the acceptable risk in the portfolio of the CIFL Group.

- (g) Hao Wen and its subsidiaries (collectively referred to as the “Hao Wen Group”) were principally engaged in money lending business, trading and manufacturing of biomass fuel product, and processing and trading of electronic parts.

As at 30 April 2019, the Group held 87,500,000 shares of Hao Wen, which represented approximately 4.08% of total issued share capital of Hao Wen at the same date.

As disclosed in the first quarterly report of Hao Wen for the three months ended 31 March 2019, the Hao Wen Group considered that it is vital and necessary for the Hao Wen Group to dedicate more efforts on the processing and trading of electronics parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business.

- (h) Equity securities listed in Hong Kong under the category of financial assets at FVTPL represented the Group’s investments in over twenty companies whose shares were listed on the Main Board or GEM of the Stock Exchange during the reporting period. Each of such investments (i) had a carrying amount that account for less than 5% of the Group’s audited net assets as at 30 April 2019 and less than 5% of the Group’s total securities investment as at 30 April 2019, and (ii) did not record over HK\$5 million of realised or unrealised gain/(loss) during the reporting period.

The Directors expect that the stock market in Hong Kong remains to be volatile in 2019 which may affect the performance of the Group’s securities investments. Looking forward, the Board believes that the performance of the securities investments of the Group will be dependent on the financial and operating performance of investee companies and market sentiment which are affected by factors such as interest rate movements, the threat of trade war between the US and China, and performance of the macro economy. In order to mitigate the associated risk, the Group will continuously remain cautious in the allocation of resources and the identification and capture of appropriate securities investment opportunities. It will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in the market.

Save as disclosed above, there were no significant investments held by the Group during the reporting period.

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

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

## PLEDGE OF ASSETS

As at 30 April 2019, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	<b>2019</b>	2018
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Investment properties	<b>56,980</b>	56,570
Leasehold land and buildings	<b>6,579</b>	6,994
Trade receivables	<b>18,118</b>	9,513
Contract Assets	<b>554</b>	–

In addition, the Group’s obligations under finance lease are secured by the lessor’s charge over the leased assets.

## TREASURY POLICY

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

## FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars. The Group did not use any financial instrument for hedging purpose during the Year, and did not have any outstanding hedging instrument as at 30 April 2019. When appropriate, for example at times when interest rate or exchange rate are uncertain or volatile, the Group will consider the use of hedging instruments including interest rate swap and foreign currency forward contract to manage the Group’s exposures to interest rate and foreign exchange rate fluctuations.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

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

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

**(c) Competition**

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

**(d) Financial**

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

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

Details of the Group's financial risk management are set out in note 46 to the consolidated financial statements in the Annual Report.

**(e) Technology**

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

**(f) Employees**

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

## **CONTINGENT LIABILITIES**

At 30 April 2019, the Group did not have any material contingent liabilities (30 April 2018: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 April 2019, the total number of full-time employees of the Group was 112 (30 April 2018: 112). Total staff costs (including Directors' emoluments) amounted to approximately HK\$48.6 million for the Year (Last Year: approximately HK\$44.8 million). Employees were remunerated according to their performance and working experience during the Year. In addition to basic salaries and contribution to the mandatory provident fund scheme, staff benefits include performance bonus, medical scheme, share options and training. Further details of the share option scheme of the Company are set out in the paragraphs headed "Share Option Scheme" of the "Directors' Report" section and in note 40 to the consolidated financial statements in the Annual Report.

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

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

## **CORPORATE GOVERNANCE PRACTICES**

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

Provision A.2.7 of the then prevailing CG Code required the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Dr. So Yu Shing, the chairman of the Board, is also an executive Director, compliance with this provision of the then prevailing CG Code is infeasible from 1 May 2018 to 31 December 2018. With effect from 1 January 2019, provision A.2.7 of the CG Code has been amended and now requires the chairman of the Board to hold meetings at least annually with the independent non-executive Directors without the presence of other Directors. The Company will comply with the provisions of the CG Code in coming years.

## **AUDIT COMMITTEE**

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

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

Four Audit Committee meetings were held during the Year.

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

## **ANNUAL RESULTS ANNOUNCEMENT**

D & PARTNERS CPA LIMITED has reported on the consolidated financial statements of the Company for the years ended 30 April 2018 and 30 April 2019.

The figures set out in this preliminary announcement of the Group's results for the year ended 30 April 2019 have been agreed by the Group's auditors, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's consolidated financial statements for the year ended 30 April 2019. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on this preliminary announcement.

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

Hong Kong, 25 July 2019

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

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