



**WLS Holdings Limited**  
**滙隆控股有限公司\***

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8021)**

**Interim Report 2019/2020**

\* *For identification purpose only*

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(THE “STOCK EXCHANGE”)**

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

The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2019 together with the comparative figures for the corresponding periods in 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 31 October 2019

	Notes	Three months ended 31 October		Six months ended 31 October	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	34,322	37,110	73,290	83,934
Cost of sales		(20,615)	(32,057)	(43,273)	(58,385)
Gross profit		13,707	5,053	30,017	25,549
Other income	5	1,554	631	1,873	1,058
Other gains and (losses)	6	(1,640)	(9,161)	(11,624)	(23,074)
Operating and administrative expenses		(11,871)	(13,036)	(22,084)	(22,861)
Fair value loss on investment property		(4,380)	–	(4,380)	–
Finance costs	7(a)	(2,186)	(2,171)	(4,310)	(3,971)
Loss before taxation	7	(4,816)	(18,684)	(10,508)	(23,299)
Taxation	8	(821)	47	(1,500)	(697)
Loss for the period		(5,637)	(18,637)	(12,008)	(23,996)
Loss for the period attributable to:					
Owners of the Company		(3,406)	(18,109)	(9,690)	(22,518)
Non-controlling interests		(2,231)	(528)	(2,318)	(1,478)
		(5,637)	(18,637)	(12,008)	(23,996)
Dividend	9	–	–	–	–
Loss per share					
– basic and diluted	10	(HK0.024 cent)	(HK0.126 cent)	(HK0.067 cent)	(HK0.157 cent)

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

For the three months and six months ended 31 October 2019

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(5,637)	(18,637)	(12,008)	(23,996)
Other comprehensive income/(expense):				
<i>Item that will not be reclassified to profit or loss:</i>				
Changes on fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	172	1,059	(839)	(2,797)
Other comprehensive income/(expense) for the period, net of taxation	172	1,059	(839)	(2,797)
Total comprehensive expense for the period	(5,465)	(17,578)	(12,847)	(26,793)
Total comprehensive expense for the period attributable to:				
Owners of the Company	(3,234)	(17,050)	(10,529)	(25,315)
Non-controlling interests	(2,231)	(528)	(2,318)	(1,478)
	(5,465)	(17,578)	(12,847)	(26,793)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2019 (Unaudited) <i>HK\$'000</i>	At 30 April 2019 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties		52,600	56,980
Property, plant and equipment	11	11,932	16,159
Right-of-use assets	11	2,825	–
Goodwill		–	–
Intangible asset		34,600	34,600
Interests in associates and a joint venture		–	–
Equity instruments at FVTOCI		10,739	11,578
Loan and interest receivables	12	384,836	404,011
Deposits and other receivables		1,047	1,596
Deferred tax assets		188	188
		498,767	525,112
<b>Current assets</b>			
Loan and interest receivables	12	133,345	57,066
Prepayments, deposits and other receivables		7,237	7,918
Trade receivables	13	36,197	42,119
Contract assets	14	6,591	5,196
Inventories		506	357
Financial assets at fair value through profit or loss ("FVTPL")		25,768	40,762
Tax recoverable		13	13
Bank balances and cash – trust account		6,531	9,633
Bank balances and cash – general accounts		88,019	110,074
		304,207	273,138
<b>Current liabilities</b>			
Trade and other payables	15	24,096	29,124
Contract liabilities		7,712	4,655
Retention monies payables		1,004	2,617
Lease liabilities		1,641	–
Tax payable		2,120	621
Obligations under finance leases – current portion		–	952
Bank borrowings	16	37,087	34,532
Other loan and other borrowings		90,000	70,000
Bank overdrafts	16	16,414	19,827
		180,074	162,328
<b>Net current assets</b>		124,133	110,810
<b>Total assets less current liabilities</b>		622,900	635,922

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

		<b>At 31 October 2019 (Unaudited) HK\$'000</b>	At 30 April 2019 (Audited) HK\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Lease liabilities		<b>834</b>	–
Obligation under finance leases – non current portion		–	1,009
Deferred tax liabilities		<b>283</b>	283
		<u><b>1,117</b></u>	<u>1,292</u>
<b>Net assets</b>		<u><b>621,783</b></u>	<u>634,630</u>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>143,670</b>	143,670
Reserves		<u><b>491,840</b></u>	<u>502,369</u>
Equity attributable to the owners of the Company		<b>635,510</b>	646,039
Non-controlling interests		<u><b>(13,727)</b></u>	<u>(11,409)</u>
<b>Total equity</b>		<u><b>621,783</b></u>	<u>634,630</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2019

Attributable to the owners of the Company

	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI / Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i> <i>(Note c)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 May 2018 (audited)	143,670	560,230	191,087	2,222	7,280	(8,108)	(184,431)	711,950	(16,807)	695,143
Loss for the period	-	-	-	-	-	-	(22,518)	(22,518)	(1,478)	(23,996)
Other comprehensive expense for the period	-	-	-	-	-	(2,797)	-	(2,797)	-	(2,797)
Total comprehensive expense for the period	-	-	-	-	-	(2,797)	(22,518)	(25,315)	(1,478)	(26,793)
At 31 October 2018 (unaudited)	143,670	560,230	191,087	2,222	7,280	(10,905)	(206,949)	686,635	(18,285)	668,350
At 1 May 2019 (audited)	143,670	560,230	191,087	2,222	7,280	(36,043)	(222,407)	646,039	(11,409)	634,630
Loss for the period	-	-	-	-	-	-	(9,690)	(9,690)	(2,318)	(12,008)
Other comprehensive expense for the period	-	-	-	-	-	(839)	-	(839)	-	(839)
Total comprehensive expense for the period	-	-	-	-	-	(839)	(9,690)	(10,529)	(2,318)	(12,847)
Share option lapsed during the period	-	-	-	-	(7,280)	-	7,280	-	-	-
At 31 October 2019 (unaudited)	143,670	560,230	191,087	2,222	-	(36,882)	(224,817)	635,510	(13,727)	621,783

### Notes:

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 31 October 2019***Six months ended 31 October**

	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(41,642)</b>	16,899
<b>Net cash generated from investing activities</b>		
Proceeds from disposal of financial assets at FVTPL	<b>18,130</b>	23,811
Purchases of property, plant and equipment	<b>(1,019)</b>	(1,978)
Purchases of financial asset at FVTPL	<b>(12,954)</b>	(21,354)
Other investing activities	<b>1,393</b>	260
	<b>5,550</b>	739
<b>Net cash generated from financing activities</b>		
New bank borrowings raised	<b>42,449</b>	30,307
New other loan and other borrowings raised	<b>20,000</b>	54,000
Repayment of other loan and other borrowings	–	(54,000)
Repayments of lease liabilities	<b>(835)</b>	–
Repayment of bank borrowings	<b>(39,894)</b>	(25,875)
Other financing activities	<b>(4,270)</b>	(4,403)
	<b>17,450</b>	29
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,642)</b>	17,667
<b>Cash and cash equivalents at 1 May</b>	<b>90,247</b>	83,546
<b>Cash and cash equivalents at 31 October</b>	<b>71,605</b>	101,213
<b>Analysis of cash and cash equivalents at end of the period</b>		
Bank balances and cash – general accounts	<b>88,019</b>	120,451
Bank overdrafts	<b>(16,414)</b>	(19,238)
	<b>71,605</b>	101,213



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. Corporate information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and continued in Bermuda and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and the principal place of business of the Company in Hong Kong is located at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

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

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

## 2. Basis of preparation and principal accounting policies

### *Basis of preparation*

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Account (the “HKICPA”) as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Rules”).

### *Principal accounting policies*

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 October 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2019.

### *New and amendments to HKFRSs and the new interpretation that are mandatorily effective for the current period*

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and the new interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 May 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

## 2. Basis of preparation and principal accounting policies (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases and the related interpretations.

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

##### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

##### Short-term leases

The Group applies the short-term lease recognition exemption to leases of warehouse that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

## 2. Basis of preparation and principal accounting policies (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

## 2. Basis of preparation and principal accounting policies (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

##### Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 May 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

## 2. Basis of preparation and principal accounting policies (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$3,270,000 and right-of-use assets of HK\$3,610,000.

When recognising the lease liabilities for lease previously classified as operating lease, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The Group incremental borrowing rate applied by the relevant entities of approximately 5.38%.

	<b>At 1 May 2019</b> <i>HK\$'000</i>
Operating lease commitments disclosed as at 30 April 2019	6,141
Less: Recognition exemption	
– Short term leases	(4,761)
	<hr/> 1,380
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	
discounted at relevant incremental borrowing rate as at 1 May 2019	1,309
Add: Obligation under finance leases recognised at 30 April 2019	1,961
	<hr/> 3,270
Of which are:	
Current lease liabilities	1,618
Non-current lease liabilities	1,652
	<hr/> 3,270
	<hr/> <hr/>

## 2. Basis of preparation and principal accounting policies (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 May 2019 comprises the following:

	<b>Right-of-use assets</b> <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	1,309
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance lease	2,301
	<u>3,610</u>

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 May 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 30 April 2019</b> <i>HK\$'000</i>	<b>Adjustments</b> <i>HK\$'000</i>	<b>Carrying amounts under HKFRS 16 at 1 May 2019</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	16,159	(2,301)	13,858
Right-of-use assets	–	3,610	3,610
<b>Current liabilities</b>			
Obligation under finance leases			
– current portion	(952)	952	–
Lease liabilities	–	(1,618)	(1,618)
<b>Non-current liabilities</b>			
Lease Liabilities	–	(1,652)	(1,652)
Obligation under finance leases			
– non-current portion	(1,009)	1,009	–

*Note a:* In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 May 2019 amounting to approximately HK\$2,301,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK\$952,000 and approximately HK\$1,009,000 to lease liabilities as current and non-current liabilities respectively at 1 May 2019.

*Note b:* For the purpose of reporting cash flows for the six months ended 31 October 2019, movements have been computed based on opening statement of financial position as at 1 May 2019 as disclosed above.

### 3. Revenue

#### *Disaggregation of revenue from contracts with customers*

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue from contracts with customers:</b>				
Contract revenue in respect of construction and buildings work for the provision of				
– scaffolding services	17,573	20,168	43,506	51,247
– fitting out services	4,167	5,895	5,834	9,666
Gondolas, parapet railings and access equipment installation and maintenance services	812	83	962	1,217
Securities brokerage and margin financing	136	95	304	226
Assets management	504	1,112	1,014	1,684
	<u>23,192</u>	<u>27,353</u>	<u>51,620</u>	<u>64,040</u>
<b>Revenue from other sources:</b>				
Loan interest income	11,130	9,757	21,670	19,894
Total revenue	<u>34,322</u>	<u>37,110</u>	<u>73,290</u>	<u>83,934</u>
<b>Timing of revenue recognition:</b>				
At point of time	136	95	304	226
Over time	23,056	27,258	51,316	63,814
Total	<u>23,192</u>	<u>27,353</u>	<u>51,620</u>	<u>64,040</u>

#### 4. Segment information

The Group determines its operating and reportable segments based on the reports reviewed by the chief operating decision-maker (“CODM”) that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group’s business and the profit of the Group as a whole. For the period ended 31 October 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. An analysis of the Group’s revenue for the six months ended 31 October 2019 is presented as follows:

	Scaffolding services for construction and buildings work <i>HKS'000</i>	Fitting out services for construction and buildings work <i>HKS'000</i>	Management contracting services for construction and buildings work <i>HKS'000</i>	Gondolas, parapet railings and access equipment installation and maintenance services <i>HKS'000</i>	Money lending business <i>HKS'000</i>	Securities brokerage and margin financing <i>HKS'000</i>	Securities investment business <i>HKS'000</i>	Assets management business <i>HKS'000</i>	Consolidated <i>HKS'000</i>
<b>For the six months ended 31 October 2019</b>									
REVENUE									
External revenue	<u>43,506</u>	<u>5,834</u>	<u>-</u>	<u>962</u>	<u>21,670</u>	<u>304</u>	<u>-</u>	<u>1,014</u>	<u>73,290</u>
Other gains and (losses)	(85)	(3,086)	200	11	1,154	-	(9,818)	-	(11,624)
Other income	<u>73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>1,270</u>	<u>30</u>	<u>1,473</u>
Total	<u>43,494</u>	<u>2,748</u>	<u>200</u>	<u>973</u>	<u>22,924</u>	<u>304</u>	<u>(8,548)</u>	<u>1,044</u>	<u>63,139</u>
Segment result	<u>(1,632)</u>	<u>(6,208)</u>	<u>181</u>	<u>(320)</u>	<u>11,284</u>	<u>(2,154)</u>	<u>2,984</u>	<u>(1,015)</u>	<u>3,120</u>
Fair value loss on investment property									(4,380)
Finance costs									(4,310)
Unallocated corporate income									400
Unallocated corporate expenses									(5,338)
Loss before taxation									<u>(10,508)</u>



#### 4. Segment information (Continued)

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used for resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole. For the six months ended 31 October 2018, the Group has seven 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, and (vii) securities investment business. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group's revenue and results by operating and reportable segment for the six months ended 31 October 2018 is presented as follows:

	Scaffolding services for construction and buildings work	Fitting out services for construction and buildings work	Management contracting services for construction and buildings work	Gondolas, parapet railings and access equipment installation and maintenance services	Money lending business	Securities brokerage and margin financing	Securities investment business	Assets management business	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 31 October 2018</b>									
<b>REVENUE</b>									
External revenue	51,247	9,666	–	1,217	19,894	226	–	1,684	83,934
Other (losses) and gains	1,253	–	–	–	(1,982)	–	(22,345)	–	(23,074)
Other income	–	–	–	–	–	198	–	177	375
<b>Total</b>	<b>52,500</b>	<b>9,666</b>	<b>–</b>	<b>1,217</b>	<b>17,912</b>	<b>424</b>	<b>(22,345)</b>	<b>1,861</b>	<b>61,235</b>
Segment result	(1,307)	(3,084)	(17)	(532)	4,097	(2,334)	(11,029)	820	(13,386)
Finance costs									(3,971)
Unallocated corporate income									683
Unallocated corporate expenses									(6,625)
Loss before taxation									(23,299)

#### 5. Other income

	Three months ended 31 October		Six months ended 31 October	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Rental income	144	177	288	354
Sundry income	47	291	192	437
Interest income	1,363	149	1,393	260
Foreign exchange gain/(loss), net	–	14	–	7
	<b>1,554</b>	<b>631</b>	<b>1,873</b>	<b>1,058</b>

## 6. Other gains and (losses)

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Fair value gain/(loss) on financial assets at FVTPL, net	294	(7,256)	(10,494)	(23,101)
Gain/(loss) on disposal of financial assets at FVTPL	72	(1,176)	676	756
Provision of allowance for expected credit loss ("ECL"), net	(480)	(729)	(480)	(729)
Write-off of trade receivables	(1,526)	–	(1,526)	–
Impairment losses reversed arising from ECL on an contract assets	–	–	200	–
	<u>(1,640)</u>	<u>(9,161)</u>	<u>(11,624)</u>	<u>(23,074)</u>

## 7. Loss before taxation

Loss before taxation has been arrived at after charging:

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(a) Finance costs				
Interest on bank borrowings and bank overdrafts	649	616	1,282	1,165
Interest on other loan and other borrowings	1,487	1,520	2,956	2,744
Interest on obligations under finance leases	–	35	–	62
Interest on leases liabilities	50	–	72	–
	<u>2,186</u>	<u>2,171</u>	<u>4,310</u>	<u>3,971</u>
(b) Depreciation	<u>1,975</u>	<u>1,826</u>	<u>3,730</u>	<u>3,670</u>
(c) Provision of allowance for ECL	<u>480</u>	<u>729</u>	<u>480</u>	<u>729</u>

## 8. Taxation

Taxation comprises:

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	821	–	1,500	697
Overprovision in prior period	–	(47)	–	–
	<u>821</u>	<u>(47)</u>	<u>1,500</u>	<u>697</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced 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 in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

## 9. Dividend

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

## 10. Loss per share

The calculation of the basic loss per share is based on the unaudited net loss attributable to the Owners of the Company for the three months and six months ended 31 October 2019 approximately HK\$3,406,000 and HK\$9,690,000 respectively and the unaudited net loss attributable to the Owners of the Company for the three months and six months ended 31 October 2018: approximately HK\$18,109,000 and HK\$22,518,000 respectively. The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share is as follows:

	Three months ended 31 October		Six months ended 31 October	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating loss per share				
Basic and diluted	<u>14,367,101,072</u>	<u>14,367,101,072</u>	<u>14,367,101,072</u>	<u>14,367,101,072</u>
	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
Loss per share				
– Basic and diluted	<u>(0.024)</u>	<u>(0.126)</u>	<u>(0.067)</u>	<u>(0.157)</u>

The computation of diluted loss per share for the three months and six months ended 31 October 2019 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. Movements in property, plant and equipment and right-of-use assets

During the six months ended 31 October 2019, the Group spent approximately HK\$1,019,000 (six months ended 31 October 2018: approximately HK\$1,978,000) on the acquisition of property, plant and equipment.

The Group obtains rights to control the use of warehouse for fixed lease term of two years. On 1 May 2019, the date of initial application of HKFRS 16, the Group recognised right-of-use assets of approximately HK\$3,610,000 (unaudited) and lease liabilities of approximately HK\$3,270,000 (unaudited).

## 12. Loan and interest receivables

	<b>At 31 October 2019 (Unaudited) HK\$'000</b>	At 30 April 2019 (Audited) HK\$'000
Amounts fall due within one year	133,345	57,066
Amounts fall due within one to second year	138,730	128,817
Amounts fall due within second to fifth year	<u>246,106</u>	<u>275,194</u>
	<u><b>518,181</b></u>	<u>461,077</u>

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

	<b>At 31 October 2019 (Unaudited) HK\$'000</b>	At 30 April 2019 (Audited) HK\$'000
Amounts secured with guarantor	20,894	34,134
Amounts secured with securities ( <i>Note</i> )	119,788	135,996
Amounts unsecured	<u>377,499</u>	<u>290,947</u>
	<u><b>518,181</b></u>	<u>461,077</u>

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

As at 31 October 2019, ECL allowance made in respect of loan and interest receivables was approximately HK\$39,902,000 (30 April 2019: approximately HK\$41,056,000).

### 13. Trade receivables

	At 31 October 2019 HK\$'000	At 30 April 2019 HK\$'000
Trade receivables from		
– Scaffolding and fitting out services and other services for construction and buildings work (Note a)	34,115	39,565
– Securities brokerage and margin financing business (Note b)	4,230	4,003
	<u>38,345</u>	<u>43,568</u>
Less: Allowance for credit losses	(2,148)	(1,449)
	<u>36,197</u>	<u>42,119</u>

#### Notes:

- (a) The credit terms given to each individual customer of scaffolding and fitting out services and other services for construction and building 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 of credit losses is as follows:

	At 31 October 2019 (Unaudited) HK\$'000	At 30 April 2019 (Audited) HK\$'000
Within 90 days	30,003	31,781
91 to 180 days	448	2,539
181 to 365 days	934	793
Above 1 year	582	3,003
	<u>31,967</u>	<u>38,116</u>

As at 31 October 2019, ECL allowance made in respect of trade receivables from scaffolding and fitting out services and other services for construction and building work was approximately HK\$2,148,000 (30 April 2019: approximately HK\$1,449,000).

- (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, amounted to approximately HK\$4,230,000 (30 April 2019: approximately HK\$4,003,000), of which trade receivables from margin clients amounting to approximately HK\$3,689,000 (30 April 2019: approximately HK\$3,824,000) as at 31 October 2019 are secured by clients' pledged securities with fair value of HK\$71,098,106 (30 April 2019: HK\$93,345,000). 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% (30 April 2019: 10.5%) 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% (30 April 2019: 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 period/year ended 31 October 2019 and 30 April 2019.

#### 14. Contract assets

	At 31 October 2019 (Unaudited) HK\$'000	At 30 April 2019 (Audited) HK\$'000
Contract assets from scaffolding services for construction and building work		
Analysed as current:		
Unbilled revenue ( <i>Note a</i> )	4,513	2,828
Retention monies receivable ( <i>Note b</i> )	2,078	2,368
	<u>6,591</u>	<u>5,196</u>

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

*Note b:* Retention monies receivables included in contract assets represents amounts not yet billed to customers which is conditional until the expiry of defect liability period in respect of building services engineering contracts. The retention receivables are transferred to the trade receivables when the rights become unconditional. Retention monies receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts. The Group does not hold any collateral over these balances. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. Contract assets from scaffolding services for construction and building works of approximately HK\$496,000 (30 April 2019: approximately HK\$554,000) which has been pledged to secure general banking facilities granted to the Group.

#### 15. Trade and other payables

Included in trade and other payables are trade payables of approximately HK\$15,783,000 (as at 30 April 2019: approximately HK\$19,295,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2019 (Unaudited) HK\$'000	At 30 April 2019 (Audited) HK\$'000
Within 90 days	12,299	16,412
91 to 180 days	533	1,110
181 to 365 days	1,783	636
Above 1 year	1,168	1,137
Total trade payables	<u>15,783</u>	<u>19,295</u>
Other payables	5,363	3,584
Accruals	2,950	6,245
Total trade and other payables	<u>24,096</u>	<u>29,124</u>

## 16. Bank borrowings and bank overdrafts

Bank borrowings and bank overdrafts were secured by the Group's properties, certain trade receivables, certain contract assets and 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.

The directors consider the fair values of the Group's bank borrowings and bank overdrafts, 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 the carrying amounts.

## 17. Share capital

	Par value HK\$	No. of shares	Amount HK\$'000
<b>Authorised:</b>			
At 1 May 2018, 30 April 2019 and 31 October 2019	0.01	40,000,000,000	400,000
<b>Issued and fully paid:</b>			
At 1 May 2018, 30 April 2019 and 31 October 2019	0.01	14,367,101,072	143,670

## 18. Fair value measurements of financial instruments

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 October 2019 (Unaudited)	30 April 2019 (Audited)			
Held for trading non-derivative financial assets classified as financial assets at FVTPL	Hong Kong listed equity securities – HK\$25,768,000	Hong Kong listed equity securities – HK\$25,907,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A
Non-derivative financial assets classified as equity instruments at FVTOCI	Hong Kong listed equity securities – HK\$3,842,000	Hong Kong listed equity securities – HK\$4,650,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A

## 18. Fair value measurements of financial instruments (Continued)

### *Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 October 2019 (Unaudited)	30 April 2019 (Audited)			
Unlisted investment fund classified as financial assets at FVTOCI	Unquoted investment fund that is not trade in an active market – HK\$6,565,000	Unquoted investment fund that is not trade in an active market – HK\$6,596,000	Level 2	Quoted price based on the net assets value of the fund which is determined with reference to observable (quoted) prices of underlying investment portfolio and adjustment of related expenses.	N/A
Convertible bond classified as financial assets at FVTPL	N/A	Convertible bond that is not trade in an active market which could be converted to ordinary shares of a listed entity – HK\$14,855,000	Level 3	Binomial model – in this model, fair value of the convertible bond is positively correlated to the expected volatility.	Expected volatility is determined by reference to the annualised standard deviation of the continuously compounded rates of return on the daily adjusted share price of the listed entity, which is 51.49% as at 30 April 2019.
Unlisted equity investment classified as equity instruments at FVTOCI	49 per cent unlisted equity investment in a private limited company engaged in sales of jewellerys – HK\$332,000	49 per cent unlisted equity investment in a private limited company engaged in sales of jewellerys – HK\$332,000	Level 3	Market approach – in this approach, equity value derived by equity multiples including P/E, P/S and P/B ratio were adopted to calculate the equity interest attributable to the Group.	P/E, P/S and P/B ratios, determined by reference to the respective ratios of listed entities in similar industries, ranging from 10.1 for P/E ratio, from 1.0 for P/S ratio and from 1.2 for P/B ratio.  Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries at 16%.

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



## 19. Related parties disclosures

	<b>Six months ended 31 October</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income from staff and a director of a subsidiary ( <i>Note a</i> )	12	12
Advisory fee paid to a related company ( <i>Note b</i> )	(15)	–
Commission expense paid to a related company ( <i>Note b</i> )	(685)	–
	<u>662</u>	<u>12</u>

### Notes:

- (a) Included in prepayments, deposits and other receivables are loans to staff and a director of a subsidiary for the amount of approximately HK\$369,000 (30 April 2019: approximately HK\$1,014,000). All of the loans are non-trade nature, unsecured, and repayable according to repayment schedule. Except for HK\$27,000 (30 April 2019: HK\$27,000) which is interest-free, all other loans are interest bearing at fixed interest rate of 3% per annum.
- (b) The amounts were paid to a company which is a related company to the Group as a director of a subsidiary of the Group is also the controlling shareholder in that company.

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

	<b>Six months ended 31 October</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short term benefits	6,359	4,378
Post-employment benefits	116	124
	<u>6,475</u>	<u>4,502</u>

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

## 20. Event after the end of reporting period

On 11 December 2019, the Company entered into the conditional sale and purchase agreement (“SPA”) with Mr. Tsang Pui Lan Patrick, (“Purchaser”), an independent third party, pursuant to which the Company conditionally agreed to sell and assign the benefit of, 1 ordinary share in the issued share capital of Bright Advantage Limited (“Bright Advantage”), a wholly owned subsidiary of the Company, representing 100% of the entire issued share capital of the Bright Advantage and 1 ordinary share in the share capital OX Financial Group Limited (“OX Financial Group”) (collectively as the “Sale Shares”) of, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the loans owing by each of Bright Advantage and OX Financial Group as at the date of completion, respectively, at the consideration as determined in accordance with the terms and conditions of the SPA.

Bright Advantage held the entire issued share capital of OX Financial Securities Limited (“OX Securities”). OX Securities is a corporation licensed under the Securities and Futures Commission of Hong Kong (“SFC”) and permitted to carry out type 1 (dealing in securities) regulated activity. OX Financial Group held the entire issued share capital of OX Financial Assets Management Limited (“OX Assets Management”). OX Assets Management is a corporation licensed under the SFC and permitted to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities.

The completion of SPA is conditional upon simultaneous completion of the conditions being satisfied (or being waived) on or before the long stop date (“Completion”), which is the date falling on expiry of 12 calendar months after the date of the SPA or such other later date as the Purchaser and the Company may agree in writing.

After Completion, each of the Bright Advantage, OX Financial Group, OX Securities and OX Assets Management will cease to be a subsidiary of the Company and the Group will cease its business in the segment of securities brokerage and margin financing.

Details of the transaction are set out in the announcement of the Company dated 11 December 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the six months ended 31 October 2019 (herein referred to as the “Reporting Period”), the turnover of the Group amounted to approximately HK\$73.3 million (2018: HK\$83.9 million), representing a drop of approximately 12.7% compared to the corresponding period in 2018. Net loss attributable to owners of the Company for the six months ended 31 October 2019 was approximately HK\$9.7 million (2018: HK\$22.5 million). During the Reporting Period, comparatively less contract revenue generated from scaffolding business and fitting out services business resulted as the decrease in turnover. Also, the significant decrease in loss was mainly due to the decrease in loss incurred from the Group’s securities investment portfolios by approximately HK\$12.5 million during the Reporting Period.

### Scaffolding Services

In recent years, a number of transportation and infrastructure projects have been carried out by the Hong Kong Government to help boost the construction and development of Hong Kong’s society. To this end, a multi-pronged strategy has been adopted for maintaining a steady and sustainable land supply in order to meet the demand for private housing, which has, in turn, stimulated the positive growth trend in the construction industry during the period.

However, a primary concern across the entire industry during the past several years has been that construction workers, especially experienced personnel, have been in short supply, causing higher labour costs for employers. As a result, profit margins throughout the industry were lower during the period in addition to intensified competition within the scaffolding sector itself. However, it is worth mentioning that the Group’s patented scaffolding system known as “Pik-Lik” played a crucial role in saving manpower hours and achieving higher efficiency.

Leveraging the widespread recognition of our service quality and the strong relationships we have nurtured with our clientele, the Group continued to receive positive feedback and support as one of the leading scaffolding service providers in Hong Kong. As a result of recent protest crisis in Hong Kong, we provided scaffolding services for 45 ongoing projects, 23 of which were completed on schedule and we also successfully secured 8 new contracts during the Reporting Period. The overall results for the division during the period had significantly decreased with the revenue of approximately HK\$43.5 million, a decrease of approximately 15.1% compared to the same period in 2018.

### Fitting-out Services

Regarding our fitting-out business division, the Group recorded segment revenues of approximately HK\$5.8 million with new contracts secured during the Reporting Period.

Sense Key Design Holdings Limited (“Sense Key”), the Group’s 51% owned subsidiary, which provides fitting-out services targeting commercial institutions and luxury residence end-users continued to generate revenues for the Group. The Group has also extended its scope of services to include ceiling work and to date we have received encouraging feedback from clients.

Due to the keen competition of fitting-out services and the decline of Hong Kong economy, comparatively less contract revenue was received during the Reporting Period. The Group will continue to proactively to acquiring new contracts.

## **Gondolas, Parapet Railings, Access Equipment Installation and maintenance Services**

In this segment, the Group mainly generated revenues from temporary gondola fleet rental income during the period. This division has also been developing in a stable manner with turnover amounting to approximately HK\$1.0 million, a decrease of approximately 21.0% compared to the same period last year. Moreover, 9 new projects were secured during the Reporting Period.

## **Management Contracting Services**

The Group's Management Contracting Division did not generate any revenue for the six months period. The Group is actively seeking for potential projects and is prudently optimistic about this business segment and will continue to actively approach prospective clients.

## **Money Lending Business**

As for money lending operations, the Group has secured a number of short-term and long-term loan agreements and generated a turnover of approximately HK\$21.7 million during the Reporting Period, representing approximately 8.9% slightly rise compared with last period and accounted for approximately 30% of total turnover. The principal amount of the loans ranged from HK\$0.5 million to HK\$26 million with interest rates set between 8% and 18% per annum during the reporting period. In view of the this segment's considerable returns, the money lending segment has already become the cash cow and profit driver of the Group's overall business.

## **Securities Investment Business**

As mentioned above, the Group's securities investment business continued to record a loss during the Reporting Period, which was mainly due to the volatility of the stock market in Hong Kong. However, the loss in the investment portfolios significantly decreased by approximately 56.1% compared with the same period.

The Group will continue to focus on Hong Kong-listed securities with strict risk control. Due diligence was conducted with every possible investment and each was taken into serious consideration to ensure quality risk control and to maximise shareholders' benefits.

The Group also foresees that the global economy will continue to be unstable in year 2019/2020 as a result of the threat of trade war between China and the United States ("US") and the protest crisis in Hong Kong. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

## **Securities Brokerages and Margin Financing Business**

The Group's securities brokerage and margin financing operations was operated by OX Financial Securities Limited ("OX Financial"), its indirect wholly-owned subsidiary. OX Financial was granted the licence to conduct type 1 (dealing in securities) regulated activity by the Securities and Futures Commission of Hong Kong ("SFC") in prior years.

This business segment contributed approximately HK\$0.2 million to the Group's revenue for the Reporting Period. As mentioned in note 20 to the unaudited condensed financial statements, the Group's securities brokerage and margin financing operation will cease to operation after the completion of the disposal transaction of this business.

## **Assets Management Business**

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited on March 2018, the holding company of Mass Fidelity Asset Management Limited, a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group has commenced the business of assets management in March 2018. For the Reporting Period, the assets management business recorded a turnover of approximately HK\$1.0 million, representing a decrease of approximately 40% compared to the same period last year due to the decline of Hong Kong economy.

## **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 project work. Therefore, the Group is prudently optimistic about overall prospects for the scaffolding sector. As one of the leading scaffolding sub-contractors in the industry, we are confident about securing more contracts in the coming year.

However, there will also be a shortage of about 10,000 to 15,000 skilled workers in the construction industry. The Group has identified a key market niche and will continue to promote the use of the "Pik Lik" brand scaffolding system to help improve overall efficiency while boosting the revenue and market share of our scaffolding services division. At present, there are currently 34 construction projects utilising the Pik Lik scaffolding system, and these projects are still ongoing.

Furthermore, the Group plans to continue focus on those business segments that generate higher profit margins and show ample growth potential such as money lending operation. In the meantime, the Group will strictly adhere to its cost control policy, and swiftly adjust business strategies to its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for shareholders.

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

## **Financial Review**

For the three months and six months ended 31 October 2019, revenue decreased by approximately 7.5% and 12.7% respectively as compared with the corresponding periods in the preceding financial year. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses slightly decreased from approximately HK\$22.9 million to approximately HK\$22.1 million. Finance costs increased from approximately HK\$4.0 million to approximately HK\$4.3 million. The operating and administrative expenses was stable compared with last reporting period. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

## Capital Structure

As at 31 October 2019, the Group had shareholders' equity of approximately HK\$635.5 million (30 April 2019: approximately HK\$646.0 million).

## SIGNIFICANT INVESTMENTS

As at 31 October 2019, the equity instruments at fair value through other comprehensive income ("FVTOCI") of the Group amounted to approximately HK\$10.7 million and financial assets at fair value through profit or loss ("FVTPL") of the Group amounted to approximately HK\$25.8 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 31 October 2019; (ii) investments with a carrying amount that account for more than 5% of the Group's total securities investment as at 31 October 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	Acquisition	Disposal	Increase/	Fair value	Carrying	Percentage to	Percentage to	Percentage to
		amount	during	during	(decrease)	gain/(loss)		amount	the Group's	the Group's
		as at	the period	the period	in FVTOCI/	and gain/(loss)	as at	net assets	total assets	total securities
		1 May 2019	the period	the period	investment	on disposal	31 October	as at	as at	investment
		HKS'000	HKS'000	HKS'000	reserve	profit or loss	2019	31 October	31 October	as at
					HKS'000	HKS'000	HKS'000	2019	2019	31 October
<b>Equity instruments at FVTOCI</b>										
Capital VC Limited ("Capital VC") (stock code: 2324)	(a)	3,921	-	-	(1,120)	-	2,801	0.45%	0.35%	7.67%
Equity securities listed in Hong Kong	(b)	728	-	-	312	-	1,040	0.17%	0.13%	2.85%
Unlisted investment funds, at fair value	(c)	6,597	-	-	(31)	-	6,566	1.06%	0.82%	17.98%
Unlisted investment, at cost		332	-	-	-	-	332	0.05%	0.04%	0.91%
		<u>11,578</u>	<u>-</u>	<u>-</u>	<u>(839)</u>	<u>-</u>	<u>10,739</u>	<u>1.73%</u>	<u>1.34%</u>	<u>29.41%</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)	(d)	14,855	-	(15,000)	-	145	-	-	-	-
China New Economy Fund Limited ("CNEFL") (stock code: 80)	(e)	5,043	-	-	-	(1,441)	3,602	0.58%	0.45%	9.87%
China Investments and Finance Group Limited ("CIFL") (stock code: 1226)	(f)	7,176	-	-	-	(2,576)	4,600	0.74%	0.57%	12.60%
Brainhole Technology Limited ("BTL") (stock code: 2203)	(g)	-	9,996	-	-	(2,443)	7,553	1.21%	0.94%	20.69%
Hao Wen Holdings Limited ("Hao Wen") (stock code: 8019)	(h)	4,288	-	-	-	(1,663)	2,625	0.42%	0.33%	7.19%
Fameglow Holdings Limited ("Fameglow") (stock code: 8603)	(i)	2,508	-	-	-	(665)	1,843	0.30%	0.23%	5.05%
Equity securities listed in Hong Kong	(j)	6,892	2,958	(3,130)	-	(1,175)	5,545	0.89%	0.69%	15.19%
		<u>40,762</u>	<u>12,954</u>	<u>(18,130)</u>	<u>-</u>	<u>(9,818)</u>	<u>25,768</u>	<u>4.14%</u>	<u>3.21%</u>	<u>70.59%</u>
		<u>52,340</u>	<u>12,954</u>	<u>(18,130)</u>	<u>(839)</u>	<u>(9,818)</u>	<u>36,507</u>	<u>5.87%</u>	<u>4.55%</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 31 October 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 advanced 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) As at 31 October 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 31 October 2019 and (ii) less than 5% of the Group’s total securities investment as at 31 October 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 Reporting Period.
- (c) There were two unlisted investment fund in this category, one of which was held for an identified long term strategic purpose 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 31 October 2019.
- (d) 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 14 October 2019, the CB was fully redeemed by China e-Wallet.

- (e) CNEFL was principally engaged in investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of the mainland China, Hong Kong, Macau and Taiwan.

As at 31 October 2019, the Group held 55,420,000 shares of CNEFL, which represented approximately 3.99% of total issued share capital of CNEFL at the same date.

As disclosed in the interim announcement of CNEFL for the six months ended 30 June 2019, CNEFL expects that the US Federal Reserve will be more cautious about cutting interest rate and there will be possibly one more cut by the end of 2019. CNEFL also believes that the change in global monetary policies will escalate the volatility in global equity market. CNEFL will continue to deploy an investment strategy focusing on Greater China and other global major markets. With their professional investment and risk management team, the management of CNEFL is confident to capture valuable investment opportunities to maximise profit for their shareholders.

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

As at 31 October 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) BTL and its subsidiaries (collectively referred to as the “BTL Group”) were principally engaged in the assembly, packaging and sales of self-manufactured discrete semiconductors with a primary focus on applications for smart consumer electronic devices, and trading of semiconductors sourced from third-party suppliers.

As at 31 October 2019, the Group held 14,810,000 shares of BTL, which represented approximately 1.85% of total issued share capital of BTL at the same date.

As disclosed in the interim announcement of BTL for the six months ended 30 June 2019, the BTL Group expects the principal uncertainties in the market would continue to evolve around the Sino-American trade negotiations, the “Brexit” negotiations and other global geopolitical factors which are expected to affect consumers’ behavior. These factors will indirectly impact the BTL Group’s sales performance. Also the semiconductor industry is characterised by rapid technological changes and evolving industry standards and an effective quality assurance system is critical to the success of the BTL Group. To manage risks arising from these uncertainties, the BTL Group intends to explore other possible business opportunities in mainland China and to expand technological applications to the smart living sector with a view to diversifying the BTL Group’s risk portfolio and expanding its business to enhance its shareholders’ equity.

- (h) 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 31 October 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.

- (i) Fameglow and its subsidiaries (collectively referred to as the “Fameglow Group”) were principally engaged in provision of treatment services and sale of skincare products in Hong Kong.

As at 31 October 2019, the Group held 3,800,000 shares of Fameglow, which represented approximately 0.48% of total issued share capital of Fameglow at the same date.

As disclosed in the interim report of Fameglow for the six months ended 30 September 2019, despite the outlook of its medical aesthetic services remains positive, the social instability since June 2019 had weakened clients' desire or willingness to undergo medical aesthetic treatments which in term slowing down the revenue of the Fameglow Group in recent months. The Fameglow Group had therefore applied operating strategies to cope with the unfavourable changes in economic and business environment. For instance, the Fameglow Group has implemented promotional campaigns to maintain its market share. The Fameglow Group was confident of its capability to deliver quality service to their clients. Moving forward, the Fameglow Group will apply its strengths, build on its solid customer base and established reputation to deliver stable business development and maximise their shareholders' value.

- (j) Equity securities listed in Hong Kong under the category of financial assets at FVTPL represented the Group's investments in over ten 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 31 October 2019 and less than 5% of the Group's total securities investment as at 31 October 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 2020 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, the protest crisis in Hong Kong, 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.

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

The Group did not have material acquisitions or disposals of subsidiaries or associates during the six months ended 31 October 2019.

### **Liquidity, financial resources and gearing ratio**

During the Reporting Period, the Group financed its operations by banking facilities, loan from a financial institution and proceeds from issues of a coupon bond.

As at 31 October 2019, the Group's consolidated equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$635.5 million (30 April 2019: approximately HK\$646.0 million), approximately HK\$304.2 million (30 April 2019: approximately HK\$273.1 million), approximately HK\$124.1 million (30 April 2019: approximately HK\$110.8 million) and approximately HK\$803.0 million (30 April 2019: approximately HK\$798.3 million) respectively.



As at 31 October 2019, the Group's consolidated bank borrowings and bank overdrafts were approximately HK\$37.1 million (30 April 2019: approximately HK\$34.5 million) and approximately HK\$16.4 million (30 April 2019: approximately HK\$19.8 million) respectively. As at 31 October 2019, the Group's other loan and other borrowings was HK\$90 million (30 April 2019: HK\$70 million). As at 31 October 2019, other loan and other borrowings included (i) the 8% coupon bond of HK\$54 million issued by Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Company on 12 September 2018; (ii) the 8.5% coupon bond of HK\$20 million issued by Gold Medal on 28 October 2019; and (iii) other loan of HK\$16 million financed from a financial institution.

As at 31 October 2019, the Group's bank balances and cash in general accounts amounted to approximately HK\$88.0 million (30 April 2019: approximately HK\$110.1 million). As at 31 October 2019, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 22.6% (30 April 2019: approximately 19.6%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, and other loan and other borrowings.

As at 31 October 2019, most of the Group's bank balances and cash, bank borrowings and bank overdrafts, and other loan and other borrowings 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. The other loan bore an interest rate of 9.5% (30 April 2019: 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, and the coupon bond issued in 2019 bore interest at 8.5% per annum and will be matured on the third anniversary date of the issue date. The bondholder may request early redemption of these bonds after one year of the issue date.

## **Segmental information**

### ***Operating segments***

The Group is currently organised into eight segments – (i) scaffolding services for the 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 railing and access equipment installation and maintenance services, (v) money lending business, (vi) securities brokerage and margin financing, (vii) securities investment business and (viii) asset management business. Details of results by business segments are shown in note 4 to the unaudited condensed financial statements above.

### **Material acquisitions and disposals**

There were no material acquisitions and disposals by the Group during the Reporting Period.

## Charges on assets

The details of the Group's assets pledged as securities for general banking facilities were as follows:

	<b>At 31 October 2019 (Unaudited) HK\$'000</b>	At 30 April 2019 (Audited) HK\$'000
Investment properties	<b>52,600</b>	56,980
Leasehold land and buildings	<b>6,372</b>	6,576
Trade receivables	<b>14,912</b>	18,118
Contract assets	<b>496</b>	554

## 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 reporting period, and did not have any outstanding hedging instrument as at 31 October 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.

## Contingent liabilities

At 31 October 2019, the Group did not have any material contingent liabilities or guarantees (30 April 2019: Nil).

## Capital and other commitments

As at 31 October 2019, the Group did not have any capital or other commitments (30 April 2019: approximately HK\$1.0 million).

## Employees and remuneration policies

The total number of full-time employees in the Group was 93 as at 31 October 2019 (as at 30 April 2019: 112). The Group remunerated its employees on the basis of performance, experience, and the prevailing industry practice. In addition to salaries, employee benefits included medical scheme, insurance, mandatory provident fund and share option schemes.

## Interim dividend

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

## Share option scheme

The share option scheme adopted by the Company on 25 November 2001 was terminated by a written resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 30 August 2011. Upon termination of this share option scheme, no further share options under this scheme could be granted, but the provisions of this share option scheme will remain in full force and effect to the extent necessary to give effect to the exercise of those share options granted prior to its termination.

Under the terms of the Share Option Scheme adopted by the Company on 30 August 2011 (the “Option Scheme”), for the primary purpose of providing incentive to directors, eligible employees and consultants, the board of directors of the Company (the “Board”) may, at its absolute discretion, offer full-time employees of the Company or any of its subsidiaries, including executive, non-executive and independent non-executive directors of the Company or any of its subsidiaries or any consultants or advisors of any member of the Group, to take up options to subscribe for shares of the Company. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not, subject to the conditions set out in the Option Scheme, exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% of the total issued share capital of the Company in issue, unless (a) a shareholder circular is despatched to the shareholders; and (b) the shareholders approve the grant of the options in excess of the limit referred to herein. A nominal consideration of HK\$1 is payable on acceptance of each grant.

The subscription price was determined by the Board, but may not be less than the highest of (a) the closing price of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheet on the date of offer of the options or, where certain conditions set out in the Option Scheme apply, on the date of the Board proposing such grant; (b) the average of the closing prices of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of offer of the options or, where certain conditions set out in the Option Scheme apply, the average of the closing prices of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the Board proposing such grant; and (c) the nominal value of the shares.

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

Date of grant	Exercisable period	Exercise price per shares	Outstanding as at 1 May 2018	Number of share options					Outstanding as at 31 October 2019
				Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period		
Consultants	15 September 2017 to 28 September 2019	0.0186	1,149,030,000	-	1,149,030,000	-	-	-	-

## Pre-Emptive rights

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

## Management contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the six months period ended 31 October 2019.

## Directors' interests in contracts of significance

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the six months period or at any time during the six months period ended 31 October 2019.

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

As at 31 October 2019, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Rule 5.46 of the GEM Listing Rules were as follows:

### Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company as at 31 October 2019
Dr. So Yu Shing	Beneficial owner	3,320,000	0.05%
	Interest of spouse ( <i>note</i> )	<u>3,320,000</u>	
		6,640,000	
Ms. Lai Yuen Mei, Rebecca	Beneficial owner	3,320,000	0.05%
	Interest of spouse ( <i>note</i> )	<u>3,320,000</u>	
		6,640,000	
Mr. Kong Kam Wang	Beneficial owner	1,778,000	0.01%
Mr. So Wang Chun, Edmond	Beneficial owner	800,000	0.01%

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

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or its associated corporations as at 31 October 2019.

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

As at 31 October 2019, so far as are known to any Directors or chief executive of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO:

### Long positions

Name	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company as at 31 October 2019
Leung Wai Ho	Beneficial owner	1,600,000,000 ( <i>note a</i> )	11.14%
Chong Man San, Denise	Beneficial owner	1,600,000,000 ( <i>note a</i> )	11.14%

Notes:

(a) Ms. Chong Man San Denise is the spouse of Mr. Leung Wai Ho.

Save as disclosed above, as at 31 October 2019, the Directors were not aware of any other person (other than a Director or the chief executive of the Company) who had an interest or short position in the shares or underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

During the six months ended 31 October 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

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

Code Provision of A.2.7 of the CG Code requires 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, the Company has deviated from this code provision as it is not applicable. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the half year period and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2019, the Company had adopted a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

### COMPETING INTERESTS

During the Reporting Period, according to the GEM Listing Rules, the following director has interests in the following businesses which are considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors of the Company were appointed as Directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Kong Kam Wong	KNK Holdings Limited (Stock Code: 8039)	Provision of comprehensive architectural and structural engineering consultancy service	Independent non-executive director
Law Man Sang	KGI Asia Limited	Securities brokerage	Executive director

As the board of directors of the Company is independent of the boards of the above-mentioned entities and the above director cannot control the Board of the Company, the Group is therefore capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed above, the directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the reporting period.

### AUDIT COMMITTEE

The Company established an audit committee of the Board ("Audit Committee") with written terms of reference that clearly establish the Audit Committee's authority and duties. The Audit Committee currently comprises 3 independent non-executive Directors, namely Mr. Law Man Sang, Ms. Lam Wai Yu and Mr. Lo Ka Ki.

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

The Group's unaudited condensed consolidated interim results for the six months ended 31 October 2019 have not been audited by the Company's auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

## SUFFICIENCY OF PUBLIC FLOAT

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

On behalf of the Board

**So Yu Shing**  
*Chairman*

Hong Kong, 13 December 2019

*As at the date of this report, the Board comprises Dr. So Yu Shing (Chairman and Executive Director), Mr. Kong Kam Wang (Executive Director and Chief Executive Officer), Ms. Lai Yuen Mei, Rebecca (Executive Director), Mr. So Wang Chun, Edmond (Executive Director), Mr. 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).*