WLS Holdings Limited
滙隆控股有限公司*

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2020

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

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

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

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

* *For identification purpose only*

ANNUAL RESULTS

The board of Directors ("Board") of the Company announces the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 30 April 2020, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2020

	NOTES	**2020**	2019
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*3*	**139,516**	179,503
Cost of sales		**(80,759)**	(119,351)
Gross profit		**58,757**	60,152
Other income	*4*	**2,215**	1,898
Other gains and (losses)	*5*	**(78,194)**	(30,401)
Operating and administrative expenses		**(43,996)**	(41,000)
Fair value changes on investment properties		**(8,080)**	410
Gain on disposal of property, plant and equipment		**81**	80
Impairment loss recognised in respect of goodwill and intangible asset		**(34,954)**	(32,666)
Loss on disposal and write-off of property, plant and equipment		**(25)**	(28)
Finance costs	*6*	**(9,795)**	(8,565)
Loss before taxation		**(113,991)**	(50,120)
Taxation	*7*	**8,986**	(463)
Loss for the year from continuing operations	*8*	**(105,005)**	(50,583)
Discontinued operation			
Loss for the year from discontinued operation	*9*	**(5,754)**	(5,294)
Loss for the year		**(110,759)**	(55,877)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the year ended 30 April 2020

	NOTE	**2020** **HK$'000**	2019 HK$'000 (Restated)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(103,134)**	(46,604)
– from discontinued operation		**(5,754)**	(5,294)
		(108,888)	(51,898)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(1,871)**	(3,979)
		(110,759)	(55,877)
From continuing and discontinued operations			
Loss per share – basic and diluted	*11*	**(HK$0.758 cent)**	(HK$0.361 cent)
From continuing operations			
Loss per share – basic and diluted		**(HK$0.718 cent)**	(HK$0.324 cent)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2020

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(110,759)**	(55,877)
Other comprehensive expense:		
Item that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")	**(2,323)**	(862)
Other comprehensive expense for the year, net of taxation	**(2,323)**	(862)
Total comprehensive expense for the year	**(113,082)**	(56,739)
Total comprehensive expense for the year attributable to owners of the Company:		
– from continuing operations	**(105,457)**	(47,466)
– from discontinued operation	**(5,754)**	(5,294)
	(111,211)	(52,760)
Total comprehensive expense attributable to non-controlling interests:		
– from continuing operations	**(1,871)**	(3,979)
	(113,082)	(56,739)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2020

	NOTES	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Investment properties		**48,900**	56,980
Property, plant and equipment		**11,130**	16,159
Right-of-use assets		**7,585**	–
Goodwill		**–**	–
Intangible asset		**–**	34,600
Interests in associates and a joint venture		**–**	–
Equity instruments at FVTOCI		**9,255**	11,578
Loan and interest receivables	*12*	**311,224**	404,011
Deposits and other receivables		**755**	1,596
Deferred tax assets		**9,874**	188
		398,723	525,112
Current assets			
Loan and interest receivables	*12*	**151,218**	57,066
Prepayments, deposits and other receivables		**7,938**	7,918
Trade receivables	*13*	**27,206**	42,119
Contract assets		**7,997**	5,196
Inventories		**451**	357
Financial assets at fair value through profit or loss ("FVTPL")		**22,686**	40,762
Tax recoverable		**13**	13
Bank balances and cash – trust account		**2**	9,633
Bank balances and cash – general accounts		**78,298**	110,074
		295,809	273,138
Assets classified as held for sale	*14*	**37,587**	–
		333,396	273,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 April 2020

	NOTES	**2020** *HK$'000*	2019 *HK$'000*
Current liabilities			
Trade and other payables	*15*	**28,249**	29,124
Contract liabilities		**9,097**	4,655
Lease liabilities	*16*	**5,084**	–
Retention monies payables		**1,642**	2,617
Tax payable		**648**	621
Obligations under finance leases – current portion		**–**	952
Bank borrowings	*17*	**45,113**	34,532
Other loan and other borrowings	*18*	**82,000**	70,000
Bank overdrafts	*17*	**19,396**	19,827
		191,229	162,328
Liabilities associated with assets classified as held for sale	*14*	**12,035**	–
		203,264	162,328
Net current assets		**130,132**	110,810
Total assets less current liabilities		**528,855**	635,922
Non-current liabilities			
Lease liabilities	*16*	**4,141**	–
Obligations under finance leases – non-current portion		**–**	1,009
Deferred tax liabilities		**365**	283
		4,506	1,292
Net assets		**524,349**	634,630
Capital and reserves			
Share capital		**143,670**	143,670
Reserves		**393,959**	502,369
Equity attributable to the owners of the Company		**537,629**	646,039
Non-controlling interests		**(13,280)**	(11,409)
Total equity		**524,349**	634,630

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2020

	Attributable to the owners of the Company									
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000* (Note a)	*HK$'000* (Note b)	*HK$'000* (Note c)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2018	143,670	560,230	191,087	2,222	7,280	(35,257)	(170,433)	698,799	(7,430)	691,369
Loss for the year	–	–	–	–	–	–	(51,898)	(51,898)	(3,979)	(55,877)
Fair value loss on equity instruments at FVTOCI	–	–	–	–	–	(862)	–	(862)	–	(862)
Total comprehensive expense for the year	–	–	–	–	–	(862)	(51,898)	(52,760)	(3,979)	(56,739)
Reclassification adjustment upon disposal of equity instruments at FVTOCI	–	–	–	–	–	76	(76)	–	–	–
At 30 April 2019	143,670	560,230	191,087	2,222	7,280	(36,043)	(222,407)	646,039	(11,409)	634,630

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

Notes:

a. The contributed surplus of the Group represents the amount transferred from share premium amount upon the cancellation of the entire amount standing to the credit of the share premium account as at 28 August 2014 pursuant to a special resolution passed by the shareholders at an extraordinary general meeting held on that date.

b. 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.

c. The share option reserve of the Group represents the fair value of share options granted at the relevant grant dates and outstanding as at end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

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

HKFRS 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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

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.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019.

As at 1 May 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. 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. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. 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;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

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.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 *Leases* (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.1%.

	At 1 May 2019
	HK$'000
Operating lease commitments disclosed as at 30 April 2019	6,141
Less: Recognition exemption – short-term leases	(4,761)
	1,380
Lease liabilities relating to operating lease recognised upon application of HKFRS 16 as at 1 May 2019	1,310
Add: obligation under finance lease recognised at 30 April 2019	1,961
	3,271
Analysed as:	
Current	1,619
Non-current	1,652

Note: The Group renewed the leases of warehouse and office premises by entering into new lease contracts which commence after date of initial application. These new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

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

		Right-of-use assets
	NOTES	*HK$'000*
Right-of-use assets relating to operating lease recognised upon application of HKFRS 16		1,310
Adjustments on refundable rental deposits	*(a)*	12
Amount included in property, plant and equipment under HKAS 17		
– Assets previously held under finance leases	*(b)*	2,301
		3,623

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 *Leases* (Continued)

As a lessee (Continued)

Notes:

(a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$12,000 was adjusted to refundable rental deposits paid and rights-of-use assets.

(b) In relation to assets previously held 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.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 May 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 May 2019. However, effective on 1 May 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The initial application of HKFRS 16 as a lessor has no material impact on the Group's consolidated financial position as at 1 May 2019 and its consolidated statement of profit or loss and other comprehensive income and consolidated statements of cash flow for the current year.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 *Leases* (Continued)

2.1.1 Transition and summary of effects arising from initial application of HKFRS 16

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

	Carrying amounts previously reported at 30 April 2019 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 at 1 May 2019 *HK$'000*
Non-current assets			
Property, plant and equipment	16,159	(2,301)	13,858
Right-of-use assets	–	3,623	3,623
Current asset			
Deposits	2,053	(12)	2,041
Current liabilities			
Lease liabilities	–	(1,619)	(1,619)
Obligation under finance leases – current portion	(952)	952	–
Non-current liabilities			
Lease liabilities	–	(1,652)	(1,652)
Obligation under finance leases – non-current portion	(1,009)	1,009	–

Note: For the purpose of reporting consolidated cash flows for the year ended 30 April 2020, movements have been computed based on opening consolidated statement of financial positions as at 1 May 2019 as disclosed above.

Amendment to HKFRS early adopted by the Group

The Group has early adopted the following amendment to HKFRS, which are relevant to its operations.

Amendments to HKFRS 16	COVID-19-related rent concessions

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

Amendment to HKFRS early adopted by the Group (Continued)

Amendments to HKFRS 16 *COVID-19-related rent concessions* allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the coronavirus disease 2019 ("COVID-19") pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- There is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 And HKFRS 7	Interest Rate Benchmark Reform[4]

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

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

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised conceptual framework for financial reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 May 2020.

3. REVENUE AND SEGMENT INFORMATION

(i) REVENUE

For the year ended 30 April 2020

(a) Disaggregation of revenue from contracts with customers

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Revenue from contracts with customers from continuing operations:		
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and buildings work	**92,690**	134,261
Assets management business	**2,034**	4,881
	94,724	139,142
Revenue from other sources:		
Loan interest income	**44,792**	40,361
Total revenue from continuing operations	**139,516**	179,503

3. REVENUE AND SEGMENT INFORMATION (Continued)

(i) REVENUE (Continued)

For the year ended 30 April 2020 (Continued)

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

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Timing of revenue recognition from continuing operations:		
Over time	**94,724**	139,142

Revenue from contracts with customer from discontinued operation of securities brokerage and margin financing business amounted to HK$457,000 (2019: HK$803,000) are recognised at a point in time.

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

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

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

Assets management business

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

3. REVENUE AND SEGMENT INFORMATION (Continued)

(i) REVENUE (Continued)

For the year ended 30 April 2020 (Continued)

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

Securities brokerage and margin financing

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

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Scaffolding, fitting out and other auxiliary services for construction and buildings work		
Within one year	**283,168**	103,485
More than one year but not more than two years	**28,444**	33,175
More than two years	**1,511**	2,041
Total	**313,123**	138,701

(ii) SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole. For the year ended 30 April 2020, the Group has four operating and reportable segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, (iii) securities investment business, and (iv) assets management business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

During the year ended 30 April 2020, the other auxiliary services for construction and buildings work was presented together with scaffolding and fitting out services as a new reportable and operating segment. In the light of contribution of such services to the total revenue of the Group and their nature of businesses, the CODM focused the resources allocation of all the services as a whole as it will facilitate a better view of the Group's overall performance. The corresponding segment information for the year ended 30 April 2019 has been restated.

The segment information reported does not include any amounts for the securities brokerage and margin financing business which are classified as discontinued operation and described in more details in note 9 herein.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) SEGMENT INFORMATION (Continued)

Segment revenues and results and segment assets and liabilities

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

For the year ended 30 April 2020

	Scaffolding, fitting out and other auxiliary services for construction and buildings work *HK$'000*	Money lending business *HK$'000*	Securities investment business *HK$'000*	Assets management business *HK$'000*	Total *HK$'000*
Continuing operations:					
REVENUE					
External revenue	92,690	44,792	–	2,034	139,516
Other gains and (losses)	(1,217)	(57,146)	(17,793)	(2,038)	(78,194)
Impairment loss recognised in respect of intangible asset	–	–	–	(34,600)	(34,600)
Other income	259	100	1,129	74	1,562
Total	91,732	(12,254)	(16,664)	(34,530)	28,284
Segment result	(9,639)	(38,599)	9,386	(38,761)	(77,613)
Fair value changes on investment properties					(8,080)
Gain on disposal of property, plant and equipment					81
Impairment loss recognised in respect of goodwill					(354)
Loss on disposal and write-off of property, plant and equipment					(25)
Finance costs					(9,795)
Unallocated corporate income					653
Unallocated corporate expenses					(18,858)
Loss before taxation					(113,991)
At 30 April 2020					
ASSETS					
Segment assets	50,646	498,250	53,533	3,226	605,655
LIABILITIES					
Segment liabilities	94,888	78,363	42,811	2,765	218,827

3. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) SEGMENT INFORMATION (Continued)

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

For the year ended 30 April 2019

	Scaffolding, fitting out and other auxiliary services for construction and buildings work *HK$'000* (restated)	Money lending business *HK$'000* (restated)	Securities investment business *HK$'000* (restated)	Assets management business *HK$'000* (restated)	Total *HK$'000* (restated)
Continuing operations:					
REVENUE					
External revenue	134,261	40,361	–	4,881	179,503
Other gains and (losses)	(54)	(11,993)	(18,354)	–	(30,401)
Impairment loss recognised in respect of goodwill and intangible asset	–	–	–	(32,666)	(32,666)
Other income	197	25	–	776	998
Total	134,404	28,393	(18,354)	(27,009)	117,434
Segment result	(7,206)	(1,882)	4,120	(29,585)	(34,553)
Fair value changes on investment properties					410
Gain on disposal of property, plant and equipment					80
Loss on disposal and write-off of property, plant and equipment					(28)
Finance costs					(8,565)
Unallocated corporate income					900
Unallocated corporate expenses					(8,364)
Loss before taxation					(50,120)
At 30 April 2019					
ASSETS					
Segment assets	58,274	478,426	87,632	40,062	664,394
LIABILITIES					
Segment liabilities	79,206	56,927	475	775	137,383

3. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) SEGMENT INFORMATION (Continued)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 30 April 2020 and 2019.

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

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

- all assets are allocated to reportable and operating segments other than investment properties, certain right-of-use assets, certain deferred tax assets, certain property, plant and equipment, certain prepayments and deposits and other receivables and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segments other than certain other payables, certain lease liabilities, certain tax payables and certain other loan and other borrowings.

Other Segment Information

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

3. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) SEGMENT INFORMATION (Continued)

Other Segment Information (Continued)

	Scaffolding, fitting out and other auxiliary services for construction and buildings work *HK$'000* (restated)	Money lending business *HK$'000* (restated)	Securities investment business *HK$'000* (restated)	Assets management business *HK$'000* (restated)	Unallocated *HK$'000* (restated)	Total *HK$'000* (restated)
Major amounts included in the measure of segment results or segment assets from continuing operations:						
For the year ended 30 April 2019						
Capital expenditure	(3,384)	–	–	–	(105)	(3,489)
Depreciation of property, plant and equipment	(6,569)	–	–	–	(546)	(7,115)
Fair value changes on investment properties	–	–	–	–	410	410
Gain on disposal of property, plant and equipment	80	–	–	–	–	80
Loss on disposal and write-off of property, plant and equipment	(28)	–	–	–	–	(28)
Fair value loss on financial assets at FVTPL, net	–	–	(24,467)	–	–	(24,467)
Gain on disposal of financial assets at FVTPL	–	–	6,113	–	–	6,113

Geographical segments

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

	Revenue		**Specified non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
Hong Kong	**139,516**	179,503	**60,030**	72,760

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

(ii) **SEGMENT INFORMATION (Continued)**

Information on major customers

During the year ended 30 April 2020, the Group had transactions with one (2019: two) customers who contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from these major customers is set out below:

	2020	2019
	HK$'000	*HK$'000*
Revenue earned from scaffolding, fitting out and other auxiliary services for construction and buildings work:		
Customer 1	**66,599**	57,444
Customer 2	**7,930**	22,344

4. **OTHER INCOME**

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Rental income	**432**	673	**–**	225	**432**	898
Management fee income	**60**	790	**–**	–	**60**	790
Sundry income	**514**	378	**59**	6	**573**	384
Interest income	**1,206**	43	**174**	19	**1,380**	62
Foreign exchange gains, net	**3**	14	**–**	–	**3**	14
	2,215	1,898	**233**	250	**2,448**	2,148

5. OTHER GAINS AND (LOSSES)

	Continuing operations		Discontinued operation		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Fair value loss on financial assets at FVTPL, net	**(16,785)**	(24,467)	**–**	–	**(16,785)**	(24,467)
(Loss) gain on disposal of financial assets at FVTPL	**(1,008)**	6,113	**–**	–	**(1,008)**	6,113
Impairment loss of right-of-use assets	**(2,038)**	–	**–**	–	**(2,038)**	–
Net impairment losses (recognised) reversed arising from ECL on:						
– Loan and interest receivables	**(57,146)**	(6,303)	**–**	–	**(57,146)**	(6,303)
– Trade receivables	**(832)**	1,442	**–**	–	**(832)**	1,442
– Contract assets	**23**	701	**–**	–	**23**	701
Reversal of write-off of trade receivables	**1,099**	–	**–**	–	**1,099**	–
Reversal of write-off of contract assets	**200**	–	**–**	–	**200**	–
Write-off of trade receivables	**(1,707)**	(2,197)	**–**	–	**(1,707)**	(2,197)
Write-off of loan and interest receivables	**–**	(5,690)	**–**	–	**–**	(5,690)
	(78,194)	(30,401)	**–**	–	**(78,194)**	(30,401)

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings and bank overdrafts	**2,974**	2,448	**–**	–	**2,974**	2,448
Interest on other loan and other borrowings	**6,536**	6,003	**–**	–	**6,536**	6,003
Interest on obligations under finance leases	**–**	114	**–**	–	**–**	114
Interest on lease liabilities	**285**	–	**66**	–	**351**	–
	9,795	8,565	**66**	–	**9,861**	8,565

7. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Taxation comprises:						
Hong Kong Profits Tax	**554**	414	**–**	–	**554**	414
Current year charged						
Under(over)provision in prior year	**64**	(85)	**–**	–	**64**	(85)
Deferred tax						
Current year (credited) charged	**(9,598)**	134	**–**	–	**(9,598)**	134
Overprovision in prior year	**(6)**	–	**–**	–	**(6)**	–
	(8,986)	463	**–**	–	**(8,986)**	463

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

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

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

	2020	2019
	HK$'000	*HK$'000*
		(restated)
Loss before taxation from continuing operations	**(113,991)**	(50,120)
Tax at tax rate applicable in the relevant jurisdictions	**(18,809)**	(8,270)
Tax effect of expenses not deductible for tax purpose	**9,494**	11,173
Tax effect of income not taxable for tax purpose	**(4,972)**	(4,999)
Tax effect of tax losses not recognised	**5,523**	3,294
Tax effect of recognition of tax losses previously not recognised	**–**	(59)
Tax effect of utilisation of tax losses previously not recognised	**(219)**	(406)
Tax effect of recognition of temporary differences previously not recognised	**124**	–
Under(over) provision in prior year	**58**	(85)
Tax effect on two-tiered tax rate	**(165)**	(165)
Tax concession	**(20)**	(20)
Taxation for the year from continuing operations	**(8,986)**	463

8. LOSS FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the year has been arrived at after (crediting) charging:						
Write-off of long-aged trade payables	**(40)**	–	**–**	–	**(40)**	–
Auditor's remuneration						
– audit service	**870**	795	**115**	80	**985**	875
– non-audit service	**170**	121	**–**	–	**170**	121
Cost of inventories recognised as an expense	**4,624**	8,551	**–**	–	**4,624**	8,551
Fair value loss (gain) on financial assets at FVTPL						
– Held for trading	**16,930**	10,522	**–**	–	**16,930**	10,522
– Designated as FVTPL	**(145)**	13,945	**–**	–	**(145)**	13,945
	16,785	24,467	**–**	–	**16,785**	24,467
Depreciation of property, plant and equipment	**4,588**	7,115	**231**	271	**4,819**	7,386
Depreciation of right-of-use assets	**2,818**	–	**467**	–	**3,285**	–
Gross rental income from investment properties	**432**	560	**–**	–	**432**	560
Less: direct operating expenses incurred for investment properties that generate rental income during the year	**(120)**	(279)	**–**	–	**(120)**	(279)
	312	281	**–**	–	**312**	281
Staff costs including directors' emoluments						
– Basis salaries, bonus, other benefits and retirement benefit scheme contributions	**40,845**	47,990	**618**	624	**41,463**	48,614
– Share-based payment expenses	**2,801**	–	**–**	–	**2,801**	–
	43,646	47,990	**618**	624	**44,264**	48,614

9. DISCONTINUED OPERATION

On 11 December 2019, the Company as vendor entered into a sale and purchase agreement (the "S&P Agreement") with Mr. Tsang Pui Lan Patrick (the "Buyer") as purchaser, being independent third party of the Group, pursuant to which the Company conditionally agreed to sell, and the Buyer conditionally agreed to buy the entire issued share capital of two wholly-owned subsidiaries of the Company, together with their respective wholly-owned subsidiaries (the "Disposed Subsidiaries") which were engaged in the securities brokerage and margin financing business (the "Disposal"), for a cash consideration of HK$7,000,000 plus the net asset value of Disposed Subsidiaries as at completion date. As at 30 April 2020 and the date of this announcement, the Disposal is not yet completed and completion is pending fulfilment of the conditions precedent as stated in the S&P Agreement, which include having obtained the approval of the Securities and Futures Commission of Hong Kong ("SFC"). The Disposal Subsidiaries are classified as held for sale as at 30 April 2020 (details are set out in note 14 herein) and are treated and presented as discontinued operation. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

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

	2020	2019
	HK$'000	*HK$'000*
Revenue	**457**	803
Other income	**233**	250
Operating and administrative expenses	**(6,378)**	(6,347)
Finance costs	**(66)**	–
Loss for the year from discontinued operation	**(5,754)**	(5,294)

During the year ended 30 April 2020, the discontinued operation of the Group used cashflow of HK$14,505,000 (2019: generated cashflow of HK$7,644,000) in respect of operating activities, used cashflow of HK$1,040,000 (2019: used cashflow of HK$2,885,000) in respect of investing activities and generated cashflow of HK$3,332,000 (2019: HK$nil) in respect of financing activities.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 30 April 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

11. LOSS PER SHARE

Basic and diluted loss per share

(a) From continuing and discontinued operations

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	**108,888**	51,898

11. LOSS PER SHARE (Continued)

Basic and diluted loss per share (Continued)

(a) From continuing and discontinued operations (Continued)

	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic loss per share	**14,367,101,072**	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	**220,649,237**	698,532,735
Weighted average number of ordinary shares for the purpose of diluted loss per share	**14,587,750,309**	15,065,633,807

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

(b) From continuing operations

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

	2020 ***HK$'000***	2019 *HK$'000*
Loss for the year from continuing operations	**103,134**	46,604

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

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

(c) From discontinued operation

For the year end 30 April 2020, basic loss per share from discontinued operation was HK$0.04 cents per share (2019: HK$0.037 cents per share), which were calculated based on the loss from discontinued operation for the year of HK$5,754,000 (2019: HK$5,294,000) and the denominators detailed above.

12. LOAN AND INTEREST RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan and interest receivables	**536,489**	502,133
Less: Allowance for credit losses	**(74,047)**	(41,056)
	462,442	461,077

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

	2020	2019
	HK$'000	*HK$'000*
Amounts fall due within one year	**151,218**	57,066
Amounts fall due within one to second year	**101,899**	128,817
Amounts fall due within second to fifth year	**209,325**	275,194
	462,442	461,077

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

	2020	2019
	HK$'000	*HK$'000*
Amounts secured with guarantor	**20,688**	34,134
Amounts secured with securities *(Note a)*	**123,870**	135,996
Amounts secured with properties *(Note b)*	**6,217**	–
Amounts unsecured	**311,667**	290,947
	462,442	461,077

12. LOAN AND INTEREST RECEIVABLES (Continued)

Notes:

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

(b) The properties are situated in Hong Kong.

As at 30 April 2020, included in the Group's loan and interest receivables balance are debtors with aggregate gross carrying amount of approximately HK$16,171,000 (2019: HK$31,992,000) which are past due as at the reporting date, of which approximately HK$3,265,000 (2019: HK$1,693,000) has been past due less than 30 days, approximately HK$242,000 (2019: HK$4,033,000) has been past due more than 30 days but less than 90 days, approximately HK$416,000 (2019: HK$361,000) has been past due more than 90 days but less than 180 days, approximately HK$11,481,000 (2019: HK$25,905,000) has been past due more than 180 days but less than 1 year, and approximately HK$767,000 (2019: nil) has been past due more than 1 year. The Directors consider credit risks of loan and interest receivables that are past due more than 90 days have increased significantly and those past due more than 180 days are considered as credit-impaired.

Included in the carrying amount of loan and interest receivables as at 30 April 2020 is accumulated allowance for credit losses of HK$74,047,000 (2019: HK$41,056,000).

During the year ended 30 April 2020, loan and interest receivables were charging on fixed interest rate mutually agreed between the contracting parties, ranging from 7.5% to 18% (2019: 6.5% to 24%) per annum.

13. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work *(Note a)*	**28,657**	39,565
– Securities brokerage and margin financing business *(Note b)*	**–**	4,003
	28,657	43,568
Less: Allowance for credit losses	**(1,451)**	(1,449)
	27,206	42,119

13. TRADE RECEIVABLES (Continued)

Notes:

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**24,092**	31,781
91 to 180 days	**731**	2,539
181 to 365 days	**381**	793
Above 1 year	**2,002**	3,003
	27,206	38,116

As at 30 April 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,330,000 (2019: HK$6,335,000), which are past due as at the reporting date. Out of the past due balances, approximately HK$3,086,000 (2019: HK$3,796,000) has been past due more than 90 days and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(b) Trade receivables from the securities brokerage and margin financing business are classified as assets held for sale (note 14 herein). The normal settlement terms of trade receivables from securities brokerage and margin financing business which are included under assets classified as held for sale are 2 days after trade date.

Trade receivables from securities brokerage and margin financing business, net of individually impaired receivables, amounted to approximately HK$533,000 (2019: HK$4,003,000), of which trade receivables from margin clients amounting to HK$35,000 (2019: HK$3,824,000) as at 30 April 2020 are secured by clients' pledged securities with fair value of HK$234,000 (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% (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% (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 impairment loss allowance have been recognised for trade receivables from securities brokerage and margin financing business for both of the years ended 30 April 2020 and 2019.

13. TRADE RECEIVABLES (Continued)

(b) (Continued)

The Group has concentration of credit risk as 100% (2019: 100%) of the total trade receivables from margin clients which are due from the Group's five largest margin clients. The whole amount is secured by clients' pledged securities with the fair value of approximately HK$234,000 as at 30 April 2020 (2019: HK$10,851,000). The Group believes that the amount is considered recoverable given the collateral is sufficient to cover the entire balance on individual basis. No ageing analysis is disclosed, as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business of securities brokerage and margin financing.

14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

The Company entered into the S&P Agreement to dispose of the subsidiaries which engaged in the business of securities brokerage and margin financing. The Disposal is not yet completed as at 30 April 2020 and up to the date of this announcement.

As at 30 April 2020, the Buyer had paid the Company a sum of HK$7,000,000 as deposit (note 15 herein). The Directors expect it is highly probable to obtain the approval from SFC as required in one of the conditions precedent contained in the S&P Agreement, and the Disposal to be completed within twelve months from the end of the reporting period. The followings are assets and liabilities of the discontinued operation that have been classified as assets held for sale or liabilities associated with assets classified as held for sale and were presented separately in the consolidated statement of financial position as at 30 April 2020:

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

15. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables to		
Securities brokerage and margin financing business		
– Cash and margin clients *(Note a)*	**–**	9,177
– Clearing house *(Note a)*	**–**	21
Other trade creditors *(Note b)*	**8,549**	10,097
Total trade payables	**8,549**	19,295
Other payables	**5,880**	3,584
Deposit received from the Disposal *(Note 14)*	**7,000**	–
Accruals	**6,820**	6,245
Total trade and other payables	**28,249**	29,124

Notes:

(a) Trade and other payables from the securities brokerage and margin financing business are classified as liabilities associated with assets classified as held for sale (note 14 herein). The settlement terms of trade payables arising from the securities brokerage and margin financing business are 2 days after trade date or at specific terms agreed with clearing house. Trade payables to cash and margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of securities brokerage and margin financing business. As at 30 April 2020, trade payables amounting to approximately HK$6,825,000 (2019: HK$9,198,000) were payable to cash and margin clients and clearing house in respect of the trust and segregated bank balances received and held for cash and margin clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**5,472**	7,214
91 to 180 days	**622**	1,110
181 to 365 days	**2,455**	1,773
	8,549	10,097

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

16. LEASE LIABILITIES

	2020
	HK$'000
Lease liabilities payable:	
Within one year	**5,084**
Within a period of more than one year but not more than two years	**3,836**
Within a period of more than two years but not more than five years	**305**
	9,225
Less: Amount due for settlement within one year shown under current liabilities	**(5,084)**
Amount due for settlement after one year shown under non-current liabilities	**4,141**

17. BANK BORROWINGS AND BANK OVERDRAFTS

As at 30 April 2020 and 2019, bank borrowings and bank overdrafts were secured by the Group's self-owned properties, certain trade receivables, certain contract assets and the Company's corporate guarantee. The amounts due are based on scheduled repayment dates set out in the loan agreements.

All the Group's bank borrowings and bank overdrafts carried variable interest at 1-month Hong Kong Interbank Offered Rate (the "HIBOR") plus 1.5% per annum or from Hong Kong Dollar Prime Rate (the "Prime Rate") to the Prime Rate minus 1% as at 30 April 2020 and 2019. The effective interest rate for the Group's bank borrowings and bank overdrafts ranged from 3.34% to 5.25% per annum (2019: 2.83% to 5.38% per annum).

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

18. OTHER LOAN AND OTHER BORROWINGS

Other borrowings represented the coupon bonds issued by the Group.

Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Company, issued a 2-year 8% coupon bonds in the principal amount of HK$54,000,000 on 12 September 2018 which were secured by the Company's corporate guarantee to refinance the 2-year 4% coupon bond issued by Gold Medal on 12 September 2016. The whole principal amount is repayable at the date of its maturity. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

During the year ended 30 April 2020, a 3-year 8.5% coupon unlisted straight bonds at a nominal value of HK$20,000,000 was issued by Gold Medal on 28 October 2018 which were secured by the Company's corporate guarantee. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

Other loan represents a 1-year loan of HK$8,000,000 which fell due on 27 December 2019 and was extended for another one year by a financial institution with 12% (2019: 9.5%) interest rate per annum.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year ended 30 April 2020 ("Year"), the Group continued to face challenges in its overall group business operations and recorded a decrease in the Group's total revenue to approximately HK$139.5 million, representing a decrease of approximately 22.3% as compared with the year ended 30 April 2019 ("Last Year"). Net loss attributable to the owners of the Company for the Year from continuing operations was approximately HK$103.1 million, representing a significant increase of approximately 121.3% as compared with Last Year.

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

The detailed business and financial review of each business segment (as re-presented) is stated below.

BUSINESS REVIEW

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

The scaffolding, fitting out and other auxiliary services for construction and buildings work was presented as a new operating segment and was the largest business segment for the Year. This segment includes scaffolding services, fitting out services and other auxiliary services for construction and buildings work. For the Year, revenue from this segment was approximately HK$92.7 million, representing a significant decrease of approximately HK$41.6 million as compared with revenue of Last Year, due to less new construction projects being approved by the Government of the Hong Kong Special Administrative Region ("HKSAR") as its operation has been limited by various measures for prevention of the spread of coronavirus disease 2019 ("COVID-19"), and the slowing down in the progress of existing construction projects caused by (i) delay in the delivery process of construction materials imported from mainland China as a result of the outbreak of COVID-19 and enhanced border control for prevention of disease; and (ii) less available workers in the market as a result of travel restrictions.

Scaffolding Services

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

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

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Year, the Group provided scaffolding services to 49 ongoing projects, 19 of which were completed on schedule and 12 new contracts were awarded.

Project portfolio of scaffolding services (as of 30 April 2020)

- Comprehensive Development of Wetland Park, TSW TL No.33
- Comprehensive Development of Wetland Park, TSW TL No.34
- Development of Kwai Chung 522 Grade A Industrial Building
- Hotel Development of ALVA Hotel By Royal
- Hotel Vic on the Harbour
- Industrial Building of 212-214, Texaco Road, Tsuen Wan
- Kai Tak Children's Hospital
- New Data Centre at TKO TL 122
- Nos. 1-3 Residential Development of Phrase 1B, Sha Po North
- Novum West Residential Building
- Pak Tin Community Complex
- Public Housing Development at Shek Kip Mei Estate Phases 3, 6 & 7
- Public Housing Development of Choi Fook Estate Phase 3 & Sports Centre in Kwun Tong
- Refurbishment of Chelsea Heights Shopping Mall, Phase 2
- Refurbishment of External Walls of Shun Tak Centre
- Refurbishment of Gate Gourmet Catering Building
- Refurbishment of Junior Police Officers Married Quarters at Fan Garden, Fanling
- Refurbishment of Parker House
- Suspended scaffolding of Phase I Building of The Wings
- Refurbishment of Sheung Shui Advanced Technology Centre
- Refurbishment of Tai Po Mega Mall
- Refurbishment of V Walk Shopping Mall

- Refurbishment of Valid Industrial Centre, Kwai Chung
- Refurbishment Sun Yuen Long Centre
- Residential Building of TKO Site No. 65C2
- Residential Development of Century Link
- Residential Development of Eden Manor
- Residential Development of Eight Regency
- Residential Development of Kai Tak Site 6567
- Residential Development of No. 10 Le Prestige Lohas Park
- Residential Development of To Shek Street 609
- Residential Development of Victoria Harbour
- Shek O Staff Club
- Shopping Mall and Residential Development of Harbour North
- Shopping Mall and Residential Development of West Rail Long Ping Station (South) in Yuen Long
- West Rail Nam Cheong Station (T6-T8)
- Yally Industrial Building

Fitting out Services

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

Other Auxiliary Services for Construction and Buildings Work

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

Money Lending Business

Under the economic impacts from the outbreak of COVID-19 since the end of 2019, there is an increasing trend for more corporations and individuals to obtain loans for financing to reduce the cash-flow pressure on them and lessen such local economic impacts of the outbreak. With relatively attractive interest returns on short-term and long-term loans during the Year, the Group recorded an increase of the revenue in this segment during the Year.

Leveraging on the management’s extensive network, several short-term and long-term loan agreements have been secured during the Year. The business segment generated an increase of revenue to the Group and the Group recorded a turnover of approximately HK$44.8 million for the Year (Last Year: approximately HK$40.4 million). The principal amount of the loans granted ranged from HK$0.2 million to HK$25 million with interest rates ranging from 7.5% to 18% per annum during the Year.

Securities Investment Business

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

The Group recorded a net loss of approximately HK$17.8 million (Last Year: net loss of approximately HK$18.4 million) for its investment portfolio for the Year, which was mainly due to the volatility of the stock market in Hong Kong. The Group foresees that the global economy will continue to be unstable in year 2020/2021 as a result of the COVID-19 pandemic, the threat of trade war and the technology war between China and the US. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

Assets Management Business

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited ("Blue Pool"), the holding company of Mass Fidelity Asset Management Limited ("Mass Fidelity"), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Year, the assets management business recorded a turnover of approximately HK$2.0 million (Last Year: HK$4.9 million) due to the trade war between China and the United States, the outbreak of the COVID-19 and the tightening control of fund transfer from China to Hong Kong.

Disposal of OX Securities and OX Assets Management

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

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

The completion of the Disposal is conditional upon completion of the conditions precedent as stated in the S&P Agreement being satisfied (or being waived) on or before the long stop date, which is the date falling on expiry of 12 calendar months after the date of the S&P Agreement, or such later date as the Buyer and the Company may agree in writing. The aforesaid conditions precedent require, among other matters, the approval of the SFC for the Buyer (and his nominees (if any)) to become substantial shareholder(s) of OX Financial Group and Bright Advantage under the SFO having been obtained. As at the date of this announcement, such approval has not been obtained and the Disposal has not yet been completed. Details of the Disposal are set out in the announcement of the Company dated 11 December 2019.

After completion of the Disposal, each of 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.

The operating results of the segment of securities brokerage and margin financing was reclassified as discontinued operation during the Year which are set out in note 9 to this announcement. The corresponding assets and liabilities were reclassified as assets classified as held for sale or liabilities associated with assets classified as held for sale. Details are set out in note 14 to the consolidated financial statements in this announcement.

IMPACT CAUSED BY THE OUTBREAK OF COVID-19

Our business operations and financial conditions are affected by the outbreak of COVID-19 at the end of 2019 and early 2020. Below are the relevant analyses for our two largest business segments – scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending:

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

In the first half of 2020, since the operation of the Government of HKSAR has been limited by various measures for prevention of the spread of COVID-19, the number of new construction projects and contracts approved by the relevant government department has decreased. The delivery process of construction materials imported from mainland China was also delayed by the outbreak of COVID-19 and enhanced border control for prevention of disease. In addition, less workers are available in the market due to travel restrictions, which further slowed down the progress of existing construction projects. Competition within the construction industry has become even more intense during this period as there are less new projects in the market. Therefore, the Group recorded a decrease in its revenue from this segment for the Year compared to that of Last Year.

Money Lending:

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

BUSINESS OUTLOOK

Due to various factors including the continued trade war between the US and China as well as prolonged protests and demonstrations in Hong Kong during the second half of calendar year 2019, Hong Kong's economy experienced negative growth and the property market was adversely affected. As we entered calendar year 2020, the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong in the past months mean a double blow to the Hong Kong economy and further contribute to a downward trend in the Hong Kong property market.

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

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

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

After a few years of serious efforts to develop its money lending operations, Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Group and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), generated stable income for the Year. The Group aims at targeting listed companies, medium to large-sized enterprises that can provide corporate guarantees or pledged securities, which the Group has encountered difficulties obtaining during the Year due to a worsening economic environment. However, the Group was able to secure clients within our business network in order to maintain a relatively low bad debt level. The current loan portfolio has reached approximately HK$462.4 million and is expected to remain stable in coming years. Despite difficulties in repayment by customers during the Year and especially in the first half of 2020, the Group will continue putting efforts in the collection procedure of loans receivable.

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

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

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

FINANCIAL REVIEW AND ANALYSIS

During the Year, the Group recorded a turnover of approximately HK$139.5 million (Last Year: approximately HK$179.5 million), representing a significant decrease of approximately 22.3% as compared with that of Last Year. The Company recorded a net loss attributable to its owners from continuing operations of approximately HK$103.1 million for the Year (Last Year: approximately HK$46.6 million). The significant decrease in net loss was mainly due to (i) the recognition of expected credit losses on the balances under the contract assets, trade and loan receivables of approximately HK$58.0 million; (ii) the impairment loss recognised in respect of goodwill and of intangible asset of approximately HK$35.0 million; and (iii) the decrease of contract revenue for the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work of approximately HK$41.6 million for the Year.

The decrease in turnover was mainly due to the decrease in income generated from the scaffolding, fitting out and other auxiliary services for construction and buildings work during the Year.

In the Year, as the overall financial market was getting worse due to the trade war between China and the US and the COVID-19 pandemic, the expansion of assets management business was not carried out as planned, the Directors have consequently determined impairment of intangible assets directly related to assets management business amounting to HK$34.6 million.

For the Year, gross profit of the Group slightly decreased by approximately 2.3% to approximately HK$58.8 million as compared with Last Year (Last Year: approximately HK$60.2 million) and gross profit margin increased to approximately 42.1% (Last Year: approximately 33.5%). Gross profit margin of the Group increased mainly because a comparatively more sharing of the Group's revenue for the Year came from its money lending business, which had a relatively high profit margin.

During the Year, the operating and administrative expenses increased from approximately HK$41.0 million in the Last Year to approximately HK$44.0 million due to the recognition of share-based payment expenses of approximately HK$2.8 million. Finance costs slightly increased from approximately HK$8.6 million in the Last Year to approximately HK$9.8 million. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 30 April 2020, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK$537.6 million (30 April 2019: approximately HK$646.0 million), approximately HK$333.4 million (30 April 2019: approximately HK$273.1 million), approximately HK$130.1 million (30 April 2019: approximately HK$110.8 million) and approximately HK$732.1 million (30 April 2019: approximately HK$798.3 million) respectively.

As at 30 April 2020, the Group's bank borrowings and bank overdrafts were approximately HK$45.1 million (30 April 2019: approximately HK$34.5 million) and approximately HK$19.4 million (30 April 2019: approximately HK$19.8 million) respectively. As at 30 April 2020, the Group's other loan and other borrowings was HK$82.0 million (30 April 2019: HK$70.0 million). Upon initial application of HKFRS 16 as at 1 May 2019, the Group reclassified obligations under finance leases (30 April 2019: approximately HK$2.0 million) to lease liabilities and amended the lease liabilities to approximately HK$9.2 million (30 April 2019: nil). As at 30 April 2020, other loan and other borrowings included (i) the 8% coupon bond of HK$54 million issued by Gold Medal, an indirect wholly owned subsidiary of the Company on 12 September 2018, (ii) the 8.5% coupon bond of HK$20 million issued by Gold Medal, on 28 October 2019; and (iii) other loan of HK$8 million refinanced from a financial institution during the Year.

As at 30 April 2020, the Group's bank balances and cash in general accounts amounted to approximately HK$78.3 million (30 April 2019: approximately HK$110.1 million). As at 30 April 2020, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 27.5% (30 April 2019: approximately 19.6%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other loan and other borrowings, obligations under finance leases and lease liabilities.

As at 30 April 2020, most of the Group's bank balances and cash, bank borrowings and bank overdrafts, other loan and other borrowings were denominated in Hong Kong dollars. All the bank borrowings and bank overdrafts bore interest at variable market rates ranging from 3.34% to 5.25% per annum (2019: 2.83% to 5.38% per annum) and were repayable on demand or within one year. Obligations under finance leases that were re-classified as lease liabilities had an average lease term ranging from two to four years (30 April 2019: three to four years) and all such leases had interest rates fixed at the contract date and fixed repayment bases. The other borrowings represented the coupon bond issued in 2018 bearing interest at 8% per annum and the coupon bond issued in 2019 bearing interest at 8.5% per annum, which will mature on the second and third anniversary date of the issue date, respectively. Both of the coupon bonds were secured by the Company's corporate guarantee and the bondholder may request early redemption of the bond after one year of the issuance date of the bond. Other loan represents a 1-year loan of HK$8,000,000 secured by the Company's corporate guarantee which fell due on 27 December 2019 and was extended for another one year by a financial institution with 12% (30 April 2019: 9.5%) interest rate per annum.

IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSET AS AT 30 APRIL 2020

The Directors performed impairment review of the carrying amounts of cash-generating unit ("CGU") of Blue Pool Ventures Limited and its subsidiary Mass Fidelity (hereafter collectively referred as the "Blue Pool Group") as at 30 April 2020 according to HKAS 36 "*Impairment of Assets*" by using the value in use method. The value in use method had been reviewed by an independent qualified professional valuers not connected to the Group.

HKAS 36 defines impairment loss as the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. Recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In determining the fair value of Blue Pool Group as at 30 April 2020, the Directors prepared and estimated the future cash flows expected to arise from Blue Pool Group based on the financial budgets covering a 5-year period (the "Cash Flow Forecast") and the independent valuer used the Cash Flow Forecast as the basis to arrive at the fair value of the Blue Pool Group by using the income approach. The income approach used is consistent with the requirement of HKAS 36 and HKFRS 13 "*Fair value Measurement*" and that it is a commonly adopted practice of valuers when using income approach to arrive at the fair value of a CGU.

In preparing the Cash Flow Forecast as at 30 April 2020 ("2020 Cash Flow Forecast"), the Directors anticipated certain income which was expected to be received by Blue Pool Group from the Cash Flow Forecast as at 30 April 2019 ("2019 Cash Flow Forecast") as no longer applicable due to the change in the business environment and suspension of certain business cooperation during the year ended 30 April 2020.

Based on the 2020 Cash Flow Forecast, the recoverable amounts of Blue Pool Group was negative as at 30 April 2020. According to paragraph 104 of the HKAS 36:–

"An impairment loss shall be recognised for a cash-generating unit (the smallest group of cash-generating units to which goodwill or a corporate asset has been allocated) if, and only if, the recoverable amount of the unit (group of units) is less than the carrying amount of the unit (group of units). The impairment loss shall be allocated to reduce the carrying amount of the assets of the unit (group of units) in the following order: (a) first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units); and (b) then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units)."

Therefore, the Directors have determined impairment of intangible assets directly related to the CGU of Blue Pool Group amounting to HK$34,600,000. No other write-down of the assets of assets management business was considered necessary.

Revenue and other income from insurance brokerage and advisory income for the 2020 Cash Flow Forecast

Based on the Directors' estimation, the revenue of Blue Pool Group would be mainly contributed by the commission income of Mass Fidelity and referral fee from insurance brokerage ("Insurance Brokerage Fee"), and advisory income ("advisory Income") from a financial advisory company ("Financial Advisory Company"). The Directors estimated that the outbreak of COVID-19 since the end of 2019 created uncertainty to the business environment and may adversely affect the revenue of Blue Pool Group in the coming year.

Insurance Brokerage Fee covered the following areas of services including introducing, advising to and arranging a contract of insurance to potential customers and professional charges on insurance brokerage service, mainly involved in arranging various types of contracts of insurance provided by global insurance providers for customers. With reference to the high uncertainty of business environment and the outbreak of COVID-19, the Directors applied zero growth rate for the revenue from the insurance brokerage business.

For the advisory Income, Mass Fidelity acted as an agent to provide advisory service on insurance products to the Financial Advisory Company's customers. The Financial Advisory Company is engaged in financial planning and wealth management services.

Besides, Mass Fidelity also offered to provide administration and advisory services ("Administration and Advisory Services") to the Financial Advisory Company which enable Mass Fidelity to receive a service fee.

A memorandum of understanding ("MOU"), which was entered into between Mass Fidelity and the Financial Advisory Company for the service fee disclosed above, has expired in July 2019 without further business cooperation.

In preparing the 2019 Cash Flow Forecast, the Directors anticipated the expiry of the MOU disclosed above because during the year 2019, the Financial Advisory Company which focused on customers from China, suffered decline in the first half of 2019, due to the launch and implementation of Common Reporting System in the first half of 2019, the trade war between China and the United States, and the tightening control of fund transfer from China to Hong Kong. The number of customers referred to Mass Fidelity by the Financial Advisory Company was less than expected by the Directors. In addition, with the down-scale of the operation of the Financial Advisory Company and foreseeable difficulty in execution, the Financial Advisory Company turned down the offer of the Administration and Advisory Services to be provided by Mass Fidelity.

Cost of income and administrative expenses for the 2020 Cash Flow Forecast

Based on the assessment, the Directors estimated the impact of COVID-19 will seriously affect the performance of Blue Pool Group and concluded that no growth rate will be adopted in the cost of income which is in line with the management's forecast on that no growth is expected from the revenue during the forecast period, in light of the substantial composition of cost of income by commission expenses incurred by staff and agents which are largely correlated to sales performance. For the administrative expenses, the growth rate was also adjusted from 3% to 2.3% by reference to over five years of the general consumer price index ("CPI") in Hong Kong.

Terminated growth rate adopted for preparation of Cash Flow Forecasts

In accordance with paragraph 33(c) of HKAS 36 which states that "*in measuring value in use an entity shall estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate shall not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified*". As stated above, the recoverable amount of Blue Pool Group of CGU was negative as at 30 April 2020, no terminated of growth rate was adopted beyond the projection period.

Determination of discount rate

The valuer adopted weighted average cost of capital ("WACC") as discount rate when applying present value techniques. WACC is frequently used in assessing the value of investments and applying as the discount rate for future cash flows in order to derive a business's net present value.

From the view of Directors, it was appropriate for the valuer to use WACC as discount rate as it is a financial metric used to measure the cost of capital to a firm. Directors assessed the information extracted by the valuer and concluded that the discount rate used in 2020 Cash Flow Forecast was appropriate.

SHARE CAPITAL

The Company did not issue any shares or debentures during the Year. Gold Medal, an indirect wholly-owned subsidiary of the Company, issued a 3-year 8.5% coupon bonds in the principal amount of HK$20 million on 28 October 2019.

FINAL DIVIDEND

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

SEGMENT INFORMATION

Operating segments

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

Geographical segments

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Except the Disposal disclosed under the paragraphs headed "Disposal of OX Securities and OX Assets Management" in the "Management Discussion and Analysis" section above, the Group did not have material acquisitions or disposals of subsidiaries or associates during the Year.

INVESTMENTS

As at 30 April 2020, the equity instruments at FVTOCI of the Group amounted to approximately HK$9.3 million, representing approximately 1.3% of the Group's audited total assets as at 30 April 2020 and financial assets at FVTPL of the Group amounted to approximately HK$22.7 million representing approximately 3.1% of the Group's total assets as at 30 April 2020.

These investments mainly include equity securities of 18 companies listed in Hong Kong and 2 unlisted investment funds. None of these investments in the portfolio at FVTOCI and FVTPL has a value of 5% or more of the Group's audited total assets as at 30 April 2020.

The Directors expect that the stock market in Hong Kong remains to be volatile in 2020 and 2021 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 political unrest in Hong Kong, the outbreak of COVID-19 and performance of the macro economy. In order to mitigate the associated risk, the Group will continuously remain cautious in the allocation of resources and the identification and capture of appropriate securities investment opportunities. It will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in the market.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 25 February 2020, the Company entered into a non-legally binding memorandum of understanding ("Memorandum") with Capital Digital Asset Limited ("Proposed Vendor") for the proposed acquisition of CSPay Limited ("CS Pay") from the Proposed Vendor. CS Pay is a company incorporated in Hong Kong and principally operates in the business of electronic payment service provision through a third-party payment platform, which includes the functions of e-wallet, trading platform and payment gateway in the People's Republic of China, Hong Kong and Japan.

Due to the outbreak of COVID-19, the negotiation has been slowed down. The Memorandum may or may not lead to the entering into of the formal agreement with the Proposed Vendor and the proposed acquisition contemplated thereunder may or may not proceed. Further announcement will be made by the Company as and when appropriate.

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

PLEDGE OF ASSETS

As at 30 April 2020, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	30.04.2020	30.04.2019
	HK$'000	*HK$'000*
Investment properties	**48,900**	56,980
Leasehold land and buildings	**6,210**	6,579
Trade receivables	**17,738**	18,118
Contract assets	**509**	554

In addition, the Group's lease liabilities of motor vehicles for the amount of HK$1,971,000 are secured by the lessor's charge over the right-of-use assets.

TREASURY POLICY

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

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars. The Group did not use any financial instrument for hedging purpose during the Year, and did not have any outstanding hedging instrument as at 30 April 2020. When appropriate, for example at times when interest rate or exchange rate are uncertain or volatile, the Group will consider the use of hedging instruments including interest rate swap and foreign currency forward contract to manage the Group's exposures to interest rate and foreign exchange rate fluctuations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks, including risks which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group are identified, reported, monitored, and managed on a continuous basis. The Group has identified the following risks that are considered to be significant to the Group and which may adversely and/or materially affect the Group's businesses, financial conditions, results of operations and growth prospects as at the date of this announcement:

(a) Labour shortage

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

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

(b) Failure to bid new contract

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

(c) Competition

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

(d) Financial

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

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

(e) Technology

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

(f) Employees

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

CONTINGENT LIABILITIES

At 30 April 2020, the Group did not have any material contingent liabilities (30 April 2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2020, the total number of full-time employees of the Group was 90 (30 April 2019: 112). Total staff costs (including Directors' emoluments) amounted to approximately HK$44.3 million for the Year (Last Year: approximately HK$48.6 million). Employees were remunerated according to their performance and working experience during the Year. In addition to basic salaries and contribution to the mandatory provident fund scheme, staff benefits include performance bonus, medical scheme, share options and training.

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

EVENT AFTER REPORTING PERIOD

The outbreak of COVID-19 has grown into a global pandemic during the first quarter of 2020. The Group is closely monitoring and evaluating its potential impact, and is taking precautionary and necessary measures to mitigate its impact on the financial position and operating results of the Group. The outbreak of COVID-19 is expected to have at least, a short-term negative impact on the global economic environment which in turn, is likely to affect the Group's revenue and profit in the first half of 2020. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

Save as disclosed above, there is no important event affecting the Group which have occurred since 30 April 2020.

AUDIT COMMITTEE

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

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

Four Audit Committee meetings were held during the Year.

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

ANNUAL RESULTS ANNOUNCEMENT

D & PARTNERS CPA LIMITED has reported on the consolidated financial statements of the Company for the years ended 30 April 2019 and 30 April 2020.

The figures set out in this preliminary announcement of the Group's results for the year ended 30 April 2020 have been agreed by the Company's auditors, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's consolidated financial statements for the year ended 30 April 2020. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on this preliminary announcement.

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

Hong Kong, 27 July 2020

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

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