



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2020**

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

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

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

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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

\* For identification purpose only

The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2020 together with the comparative figures for the corresponding periods in 2019 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months and six months ended 31 October 2020*

|                                                      |       | Three months ended 31 October |             | Six months ended 31 October |             |
|------------------------------------------------------|-------|-------------------------------|-------------|-----------------------------|-------------|
|                                                      |       | 2020                          | 2019        | 2020                        | 2019        |
|                                                      |       | (Unaudited)                   | (Unaudited) | (Unaudited)                 | (Unaudited) |
|                                                      | Notes | HK\$'000                      | HK\$'000    | HK\$'000                    | HK\$'000    |
|                                                      |       |                               | (Restated)  |                             | (Restated)  |
| <b>Continuing operations</b>                         |       |                               |             |                             |             |
| Revenue                                              | 3     | 31,180                        | 34,186      | 63,479                      | 72,986      |
| Cost of sales                                        |       | (15,613)                      | (20,615)    | (31,777)                    | (43,273)    |
| Gross profit                                         |       | 15,567                        | 13,571      | 31,702                      | 29,713      |
| Other income                                         | 5     | 3,829                         | 1,482       | 4,896                       | 1,793       |
| Other gains and (losses)                             | 6     | (49,804)                      | (1,640)     | (55,415)                    | (11,624)    |
| Operating and administrative expenses                |       | (11,161)                      | (10,272)    | (21,041)                    | (19,069)    |
| Fair value changes on investment property            |       | –                             | (4,380)     | –                           | (4,380)     |
| Gain on disposal of property,<br>plant and equipment |       | 818                           | –           | 818                         | –           |
| Finance costs                                        | 7     | (2,353)                       | (2,186)     | (4,580)                     | (4,310)     |
| Loss before taxation                                 |       | (43,104)                      | (3,425)     | (43,620)                    | (7,877)     |
| Taxation                                             | 8     | (663)                         | (821)       | (1,394)                     | (1,500)     |
| Loss for the period from continuing operations       | 9     | (43,767)                      | (4,246)     | (45,014)                    | (9,377)     |
| <b>Discontinued operation</b>                        |       |                               |             |                             |             |
| Loss for the period from discontinued operation      | 11    | (1,489)                       | (1,391)     | (3,207)                     | (2,631)     |
| Loss for the period                                  |       | (45,256)                      | (5,637)     | (48,221)                    | (12,008)    |

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the three months and six months ended 31 October 2020

|                                                                | <i>Notes</i> | Three months ended 31 October |                  | Six months ended 31 October |                  |
|----------------------------------------------------------------|--------------|-------------------------------|------------------|-----------------------------|------------------|
|                                                                |              | 2020                          | 2019             | 2020                        | 2019             |
|                                                                |              | (Unaudited)                   | (Unaudited)      | (Unaudited)                 | (Unaudited)      |
|                                                                |              | <b>HK\$'000</b>               | <b>HK\$'000</b>  | <b>HK\$'000</b>             | <b>HK\$'000</b>  |
|                                                                |              |                               | (Restated)       |                             | (Restated)       |
| Loss for the period attributable to owners of the Company:     |              |                               |                  |                             |                  |
| – from continuing operations                                   |              | <b>(44,320)</b>               | (2,015)          | <b>(45,752)</b>             | (7,059)          |
| – from discontinued operation                                  |              | <b>(1,489)</b>                | (1,391)          | <b>(3,207)</b>              | (2,631)          |
|                                                                |              | <b>(45,809)</b>               | (3,406)          | <b>(48,959)</b>             | (9,690)          |
| Loss for the period attributable to non-controlling interests: |              |                               |                  |                             |                  |
| – from continuing operations                                   |              | <b>553</b>                    | (2,231)          | <b>738</b>                  | (2,318)          |
|                                                                |              | <b>(45,256)</b>               | (5,637)          | <b>(48,221)</b>             | (12,008)         |
| From continuing and discontinued operations                    |              |                               |                  |                             |                  |
| Loss per share – basic and diluted                             | 12           | <b>(HK\$0.319 cent)</b>       | (HK\$0.024 cent) | <b>(HK\$0.341 cent)</b>     | (HK\$0.067 cent) |
| From continuing operations                                     |              |                               |                  |                             |                  |
| Loss per share – basic and diluted                             |              | <b>(HK\$0.308 cent)</b>       | (HK\$0.014 cent) | <b>(HK\$0.318 cent)</b>     | (HK\$0.049 cent) |

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

For the three months and six months ended 31 October 2020

|                                                                                                   | Three months ended 31 October |                | Six months ended 31 October |                 |
|---------------------------------------------------------------------------------------------------|-------------------------------|----------------|-----------------------------|-----------------|
|                                                                                                   | 2020                          | 2019           | 2020                        | 2019            |
|                                                                                                   | (Unaudited)                   | (Unaudited)    | (Unaudited)                 | (Unaudited)     |
|                                                                                                   | HK\$'000                      | HK\$'000       | HK\$'000                    | HK\$'000        |
| <b>Loss for the period</b>                                                                        | <b>(45,256)</b>               | (5,637)        | <b>(48,221)</b>             | (12,008)        |
| Other comprehensive expense:                                                                      |                               |                |                             |                 |
| <i>Item that will not be reclassified to profit or loss:</i>                                      |                               |                |                             |                 |
| Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI") | <u>3,060</u>                  | <u>172</u>     | <u>2,182</u>                | <u>(839)</u>    |
| Other comprehensive expense for the period, net of taxation                                       | <u>3,060</u>                  | <u>172</u>     | <u>2,182</u>                | <u>(839)</u>    |
| Total comprehensive expense for the period                                                        | <u><b>(42,196)</b></u>        | <u>(5,465)</u> | <u><b>(46,039)</b></u>      | <u>(12,847)</u> |
| Total comprehensive expense for the period attributable to owners of the Company:                 |                               |                |                             |                 |
| – from continuing operations                                                                      | <b>(41,260)</b>               | (1,843)        | <b>(43,570)</b>             | (7,898)         |
| – from discontinued operation                                                                     | <u><b>(1,489)</b></u>         | <u>(1,391)</u> | <u><b>(3,207)</b></u>       | <u>(2,631)</u>  |
|                                                                                                   | <b>(42,749)</b>               | (3,234)        | <b>(46,777)</b>             | (10,529)        |
| Total comprehensive expense attributable to non-controlling interests:                            |                               |                |                             |                 |
| – from continuing operations                                                                      | <u>553</u>                    | <u>(2,231)</u> | <u>738</u>                  | <u>(2,318)</u>  |
|                                                                                                   | <u><b>(42,196)</b></u>        | <u>(5,465)</u> | <u><b>(46,039)</b></u>      | <u>(12,847)</u> |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                                 |    | At 31 October<br>2020<br>(Unaudited)<br><i>Notes</i> <b>HK\$'000</b> | At 30 April<br>2020<br>(Audited)<br><b>HK\$'000</b> |
|-----------------------------------------------------------------|----|----------------------------------------------------------------------|-----------------------------------------------------|
| <b>Non-current assets</b>                                       |    |                                                                      |                                                     |
| Investment properties                                           |    | <b>48,900</b>                                                        | 48,900                                              |
| Property, plant and equipment                                   | 13 | <b>10,084</b>                                                        | 11,130                                              |
| Right-of-use assets                                             | 13 | <b>5,649</b>                                                         | 7,585                                               |
| Equity instruments at FVTOCI                                    | 21 | <b>11,436</b>                                                        | 9,255                                               |
| Loan and interest receivables                                   | 14 | <b>203,188</b>                                                       | 311,224                                             |
| Deposits and other receivables                                  |    | <b>765</b>                                                           | 755                                                 |
| Deferred tax assets                                             |    | <b>9,553</b>                                                         | 9,874                                               |
|                                                                 |    | <b>289,575</b>                                                       | 398,723                                             |
| <b>Current assets</b>                                           |    |                                                                      |                                                     |
| Loan and interest receivables                                   | 14 | <b>239,483</b>                                                       | 151,218                                             |
| Prepayments, deposits and other receivables                     |    | <b>10,993</b>                                                        | 7,938                                               |
| Trade receivables                                               | 15 | <b>26,951</b>                                                        | 27,206                                              |
| Contract assets                                                 | 16 | <b>4,704</b>                                                         | 7,997                                               |
| Inventories                                                     |    | <b>1,349</b>                                                         | 451                                                 |
| Financial assets at fair value through profit or loss ("FVTPL") | 21 | <b>25,091</b>                                                        | 22,686                                              |
| Tax recoverable                                                 |    | <b>13</b>                                                            | 13                                                  |
| Bank balances and cash – trust account                          |    | <b>2</b>                                                             | 2                                                   |
| Bank balances and cash – general accounts                       |    | <b>63,007</b>                                                        | 78,298                                              |
|                                                                 |    | <b>371,593</b>                                                       | 295,809                                             |
| Assets classified as held for sales                             | 17 | <b>18,815</b>                                                        | 37,587                                              |
|                                                                 |    | <b>390,408</b>                                                       | 333,396                                             |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

|                                                                 |              | At 31 October<br>2020<br>(Unaudited)<br><i>HK\$'000</i> | At 30 April<br>2020<br>(Audited)<br><i>HK\$'000</i> |
|-----------------------------------------------------------------|--------------|---------------------------------------------------------|-----------------------------------------------------|
|                                                                 | <i>Notes</i> |                                                         |                                                     |
| <b>Current liabilities</b>                                      |              |                                                         |                                                     |
| Trade and other payables                                        | 18           | 23,209                                                  | 28,249                                              |
| Contract liabilities                                            |              | 6,870                                                   | 9,097                                               |
| Retention monies payables                                       |              | 2,113                                                   | 1,642                                               |
| Lease liabilities                                               | 13           | 2,820                                                   | 5,084                                               |
| Tax payable                                                     |              | 1,557                                                   | 648                                                 |
| Bank borrowings                                                 | 19           | 46,001                                                  | 45,113                                              |
| Other loan and other borrowings                                 |              | 88,000                                                  | 82,000                                              |
| Bank overdrafts                                                 | 19           | 18,377                                                  | 19,396                                              |
|                                                                 |              | <u>188,947</u>                                          | <u>191,229</u>                                      |
| Liabilities associated with assets classified as held for sales | 17           | <u>8,462</u>                                            | <u>12,035</u>                                       |
|                                                                 |              | <u>197,409</u>                                          | <u>203,264</u>                                      |
| <b>Net current assets</b>                                       |              | <u>192,999</u>                                          | <u>130,132</u>                                      |
| <b>Total assets less current liabilities</b>                    |              | <u>482,574</u>                                          | <u>528,855</u>                                      |
| <b>Non-current liabilities</b>                                  |              |                                                         |                                                     |
| Lease liabilities                                               | 13           | 3,899                                                   | 4,141                                               |
| Deferred tax liabilities                                        |              | <u>365</u>                                              | <u>365</u>                                          |
|                                                                 |              | <u>4,264</u>                                            | <u>4,506</u>                                        |
| <b>Net assets</b>                                               |              | <u>478,310</u>                                          | <u>524,349</u>                                      |
| <b>Capital and reserves</b>                                     |              |                                                         |                                                     |
| Share capital                                                   | 20           | 143,670                                                 | 143,670                                             |
| Reserves                                                        |              | <u>347,182</u>                                          | <u>393,959</u>                                      |
| Equity attributable to the owners of the Company                |              | 490,852                                                 | 537,629                                             |
| Non-controlling interests                                       |              | <u>(12,542)</u>                                         | <u>(13,280)</u>                                     |
| <b>Total equity</b>                                             |              | <u>478,310</u>                                          | <u>524,349</u>                                      |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2020

|                                                 | Attributable to the owners of the Company |               |                      |                      |                      |                |                    | Non-controlling interests | Total equity |
|-------------------------------------------------|-------------------------------------------|---------------|----------------------|----------------------|----------------------|----------------|--------------------|---------------------------|--------------|
|                                                 | Share capital                             | Share premium | Contributed surplus  | Merger reserve       | Share option reserve | FVTOCI reserve | Accumulated losses |                           |              |
|                                                 | HK\$'000                                  | HK\$'000      | HK\$'000<br>(Note a) | HK\$'000<br>(Note b) | HK\$'000<br>(Note c) | HK\$'000       | HK\$'000           | HK\$'000                  | HK\$'000     |
| At 1 May 2019 (audited)                         | 143,670                                   | 560,230       | 191,087              | 2,222                | 7,280                | (36,043)       | (222,407)          | 646,039                   | 634,630      |
| Loss for the period                             | –                                         | –             | –                    | –                    | –                    | –              | (9,690)            | (9,690)                   | (12,008)     |
| Other comprehensive expense for the period      | –                                         | –             | –                    | –                    | –                    | (839)          | –                  | (839)                     | (839)        |
| Total comprehensive expense for the period      | –                                         | –             | –                    | –                    | –                    | (839)          | (9,690)            | (10,529)                  | (12,847)     |
| Share option lapsed during the period           | –                                         | –             | –                    | –                    | (7,280)              | –              | 7,280              | –                         | –            |
| At 31 October 2019 (unaudited)                  | 143,670                                   | 560,230       | 191,087              | 2,222                | –                    | (36,882)       | (224,817)          | 635,510                   | 621,783      |
| At 1 May 2020 (audited)                         | 143,670                                   | 560,230       | 191,087              | 2,222                | 2,801                | (38,366)       | (324,015)          | 537,629                   | 524,349      |
| Loss for the period                             | –                                         | –             | –                    | –                    | –                    | –              | (48,959)           | (48,959)                  | (48,221)     |
| Fair value gain on equity instruments at FVTOCI | –                                         | –             | –                    | –                    | –                    | 2,182          | –                  | 2,182                     | 2,182        |
| Total comprehensive expense for the period      | –                                         | –             | –                    | –                    | –                    | 2,182          | (48,959)           | (46,777)                  | (46,039)     |
| At 31 October 2020 (unaudited)                  | 143,670                                   | 560,230       | 191,087              | 2,222                | 2,801                | (36,184)       | (372,974)          | 490,852                   | 478,310      |

## Notes:

- The contributed surplus of the Group represents the amount transferred from share premium account upon the cancellation of the entire amount standing to the credit of the share premium account as at 28 August 2014 pursuant to a special resolution passed by the shareholders at an extraordinary general meeting held on that date.
- The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal value for the issued share capital of the subsidiaries acquired pursuant to the Group's reorganisation on 23 November 2001.
- The share option reserve of the Group represents the fair value of share options granted at the relevant grant dates and was lapsed during the year ended 30 April 2020.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2020

|                                                                   | Six months ended 31 October |                 |
|-------------------------------------------------------------------|-----------------------------|-----------------|
|                                                                   | 2020                        | 2019            |
|                                                                   | (Unaudited)                 | (Unaudited)     |
|                                                                   | HK\$'000                    | HK\$'000        |
| <b>Net cash (used in) operating activities</b>                    | <b>(21,378)</b>             | <b>(41,642)</b> |
| <b>Net cash (used in) generated from investing activities</b>     |                             |                 |
| Proceeds from disposal of property, plant and equipment           | 818                         | –               |
| Proceeds from disposal of financial assets at FVTPL               | 3,048                       | 18,130          |
| Purchases of property, plant and equipment                        | (93)                        | (1,019)         |
| Purchases of financial asset at FVTPL                             | (12,739)                    | (12,954)        |
| Other investing activities                                        | 71                          | 1,393           |
|                                                                   | <b>(8,895)</b>              | <b>5,550</b>    |
| <b>Net cash generated from financing activities</b>               |                             |                 |
| New bank borrowings raised                                        | 12,668                      | 42,449          |
| New other loan and other borrowings raised                        | 60,000                      | 20,000          |
| Repayment of other loan and other borrowings                      | (54,000)                    | –               |
| Repayments of lease liabilities                                   | (1,782)                     | (835)           |
| Repayment of bank borrowings                                      | (11,780)                    | (39,894)        |
| Other financing activities                                        | (4,580)                     | (4,270)         |
|                                                                   | <b>526</b>                  | <b>17,450</b>   |
| <b>Net (decrease in) cash and cash equivalents</b>                | <b>(29,747)</b>             | <b>(18,642)</b> |
| <b>Cash and cash equivalents at 1 May</b>                         | <b>82,974</b>               | <b>90,247</b>   |
| <b>Cash and cash equivalents at 31 October</b>                    | <b>53,227</b>               | <b>71,605</b>   |
| <b>Analysis of cash and cash equivalents at end of the period</b> |                             |                 |
| From continuing operations:                                       |                             |                 |
| Bank balances and cash – general accounts                         | 63,007                      | 56,126          |
| Bank overdrafts                                                   | (18,377)                    | (16,414)        |
|                                                                   | <b>44,630</b>               | <b>39,712</b>   |
| From discontinued operation:                                      |                             |                 |
| Bank balance and cash – general accounts                          | 8,597                       | 31,893          |
|                                                                   | <b>53,227</b>               | <b>71,605</b>   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

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

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

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

#### **Basis of preparation**

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

#### **Principal accounting policies**

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 October 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2020.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Amendments to HKFRSs and the new interpretation that are mandatorily effective for the current period

#### *Amendments to HKFRSs that are mandatorily effective for the current period*

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 May 2020 for the preparation of the Group's condensed consolidated financial statements:

|                                            |                                |
|--------------------------------------------|--------------------------------|
| Amendments to HKAS 1 and HKAS 8            | Definition of Material         |
| Amendments to HKFRS 3                      | Definition of a Business       |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

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

## 3. REVENUE

### Disaggregation of revenue from contracts with customers

|                                                                                                                         | Three months ended 31 October |             | Six months ended 31 October |             |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------|-----------------------------|-------------|
|                                                                                                                         | 2020                          | 2019        | 2020                        | 2019        |
|                                                                                                                         | (Unaudited)                   | (Unaudited) | (Unaudited)                 | (Unaudited) |
|                                                                                                                         | HK\$'000                      | HK\$'000    | HK\$'000                    | HK\$'000    |
|                                                                                                                         |                               | (Restated)  |                             | (Restated)  |
| <b>Revenue from contracts with customers from continuing operations:</b>                                                |                               |             |                             |             |
| Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and building work | 17,891                        | 22,552      | 37,797                      | 50,302      |
| Assets management business                                                                                              | 321                           | 504         | 789                         | 1,014       |
|                                                                                                                         | <b>18,212</b>                 | 23,056      | <b>38,586</b>               | 51,316      |
| <b>Revenue from other sources:</b>                                                                                      |                               |             |                             |             |
| Loan interest income                                                                                                    | 12,968                        | 11,130      | 24,893                      | 21,670      |
| Total revenue from continuing operations                                                                                | <b>31,180</b>                 | 34,186      | <b>63,479</b>               | 72,986      |
| <b>Timing of revenue recognition from continuing operations:</b>                                                        |                               |             |                             |             |
| Over time                                                                                                               | <b>18,212</b>                 | 23,056      | <b>38,586</b>               | 51,316      |

Revenue from contracts with customers from discontinued operation of securities brokerage and margin financing business amounted to HK\$626,000 (October 2019: HK\$304,000) are recognised at a point in time.

#### 4. SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the reports reviewed by the chief operating decision-maker (“CODM”) that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group’s business and the profit of the Group as a whole. For the period ended 31 October 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 period ended 31 October 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 period ended 31 October 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 11.

##### For the six months ended 31 October 2020

|                                                      | Scaffolding,<br>fitting out and<br>other auxiliary<br>services for<br>construction<br>and buildings<br>work<br><i>HK\$'000</i> | Money<br>lending<br>business<br><i>HK\$'000</i> | Securities<br>investment<br>business<br><i>HK\$'000</i> | Assets<br>management<br>business<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------------|
| REVENUE                                              |                                                                                                                                |                                                 |                                                         |                                                     |                                 |
| External revenue                                     | <u>37,797</u>                                                                                                                  | <u>24,893</u>                                   | <u>–</u>                                                | <u>789</u>                                          | <u>63,479</u>                   |
| Other gains and (losses)                             | <u>1,661</u>                                                                                                                   | <u>(49,791)</u>                                 | <u>(7,285)</u>                                          | <u>–</u>                                            | <u>(55,415)</u>                 |
| Other income                                         | <u>3,788</u>                                                                                                                   | <u>–</u>                                        | <u>–</u>                                                | <u>–</u>                                            | <u>3,788</u>                    |
| Total                                                | <u>43,246</u>                                                                                                                  | <u>(24,898)</u>                                 | <u>(7,285)</u>                                          | <u>789</u>                                          | <u>11,852</u>                   |
| Segment result                                       | <u>(1,013)</u>                                                                                                                 | <u>(38,308)</u>                                 | <u>5,022</u>                                            | <u>(797)</u>                                        | <u>(35,096)</u>                 |
| Fair value changes on investment property            |                                                                                                                                |                                                 |                                                         |                                                     | –                               |
| Gain on disposal of property,<br>plant and equipment |                                                                                                                                |                                                 |                                                         |                                                     | 818                             |
| Finance costs                                        |                                                                                                                                |                                                 |                                                         |                                                     | (4,580)                         |
| Unallocated corporate income                         |                                                                                                                                |                                                 |                                                         |                                                     | 1,108                           |
| Unallocated corporate expenses                       |                                                                                                                                |                                                 |                                                         |                                                     | <u>(5,870)</u>                  |
| Loss before taxation                                 |                                                                                                                                |                                                 |                                                         |                                                     | <u>(43,620)</u>                 |

#### 4. SEGMENT INFORMATION (CONTINUED)

For the six months ended 31 October 2019

|                                           | Scaffolding,<br>fitting out and<br>other auxiliary<br>services for<br>construction<br>and buildings<br>work<br><i>HK\$'000</i> | Money<br>lending<br>business<br><i>HK\$'000</i> | Securities<br>investment<br>business<br><i>HK\$'000</i> | Assets<br>management<br>business<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------------|
| REVENUE                                   |                                                                                                                                |                                                 |                                                         |                                                     |                                 |
| External revenue                          | 50,302                                                                                                                         | 21,670                                          | –                                                       | 1,014                                               | 72,986                          |
| Other gains and (losses)                  | (2,960)                                                                                                                        | 1,154                                           | (9,818)                                                 | –                                                   | (11,624)                        |
| Other income                              | 73                                                                                                                             | 100                                             | 1,270                                                   | 30                                                  | 1,473                           |
| Total                                     | 47,415                                                                                                                         | 22,924                                          | (8,548)                                                 | 1,044                                               | 62,835                          |
| Segment result                            | (7,979)                                                                                                                        | 11,284                                          | 2,984                                                   | (1,015)                                             | 5,274                           |
| Fair value changes on investment property |                                                                                                                                |                                                 |                                                         |                                                     | (4,380)                         |
| Finance costs                             |                                                                                                                                |                                                 |                                                         |                                                     | (4,310)                         |
| Unallocated corporate income              |                                                                                                                                |                                                 |                                                         |                                                     | 320                             |
| Unallocated corporate expenses            |                                                                                                                                |                                                 |                                                         |                                                     | (4,781)                         |
| Loss before taxation                      |                                                                                                                                |                                                 |                                                         |                                                     | (7,877)                         |

#### 5. OTHER INCOME

|                                   | Continuing Operations         |                 | Continuing Operations       |                 |
|-----------------------------------|-------------------------------|-----------------|-----------------------------|-----------------|
|                                   | Three months ended 31 October |                 | Six months ended 31 October |                 |
|                                   | 2020                          | 2019            | 2020                        | 2019            |
|                                   | (Unaudited)                   | (Unaudited)     | (Unaudited)                 | (Unaudited)     |
|                                   | <i>HK\$'000</i>               | <i>HK\$'000</i> | <i>HK\$'000</i>             | <i>HK\$'000</i> |
|                                   |                               | (Restated)      |                             | (Restated)      |
| Rental income                     | 267                           | 144             | 452                         | 288             |
| Sundry income                     | 3,549                         | 47              | 4,372                       | 192             |
| Interest income                   | 14                            | 1,291           | 70                          | 1,313           |
| Foreign exchange (loss) gain, net | (1)                           | –               | 2                           | –               |
|                                   | 3,829                         | 1,482           | 4,896                       | 1,793           |

Other income from discontinued operation of securities brokerage and margin financing business amounted to HK\$380,000 (October 2019: HK\$80,000).

## 6. OTHER GAINS AND (LOSSES)

|                                                                  | Continuing Operations         |                | Continuing Operations       |                 |
|------------------------------------------------------------------|-------------------------------|----------------|-----------------------------|-----------------|
|                                                                  | Three months ended 31 October |                | Six months ended 31 October |                 |
|                                                                  | 2020                          | 2019           | 2020                        | 2019            |
|                                                                  | (Unaudited)                   | (Unaudited)    | (Unaudited)                 | (Unaudited)     |
|                                                                  | HK\$'000                      | HK\$'000       | HK\$'000                    | HK\$'000        |
| Fair value (loss) gain on financial assets at FVTPL, net         | (2,099)                       | 294            | (7,706)                     | (10,494)        |
| Gain on disposal of financial assets at FVTPL                    | 425                           | 72             | 421                         | 676             |
| Net impairment losses (recognised) reversed arising from ECL on: |                               |                |                             |                 |
| – Loan and interest receivables                                  | (49,791)                      | 1,154          | (49,791)                    | 1,154           |
| – Trade receivables                                              | 1,868                         | (1,610)        | 1,868                       | (1,610)         |
| – Contract assets                                                | (207)                         | (24)           | (207)                       | (24)            |
| Write-off of trade receivables                                   | –                             | (1,526)        | –                           | (1,526)         |
| Reversal of write off of on contract assets                      | –                             | –              | –                           | 200             |
|                                                                  | <u>(49,804)</u>               | <u>(1,640)</u> | <u>(55,415)</u>             | <u>(11,624)</u> |

## 7. FINANCE COSTS

|                                                 | Continuing Operations         |              | Continuing Operations       |              |
|-------------------------------------------------|-------------------------------|--------------|-----------------------------|--------------|
|                                                 | Three months ended 31 October |              | Six months ended 31 October |              |
|                                                 | 2020                          | 2019         | 2020                        | 2019         |
|                                                 | (Unaudited)                   | (Unaudited)  | (Unaudited)                 | (Unaudited)  |
|                                                 | HK\$'000                      | HK\$'000     | HK\$'000                    | HK\$'000     |
| Interest on bank borrowings and bank overdrafts | 492                           | 649          | 855                         | 1,282        |
| Interest on other loan and other borrowings     | 1,792                         | 1,487        | 3,548                       | 2,956        |
| Interest on leases liabilities                  | 69                            | 50           | 177                         | 72           |
|                                                 | <u>2,353</u>                  | <u>2,186</u> | <u>4,580</u>                | <u>4,310</u> |

## 8. TAXATION

|                        | Continuing Operation          |             | Continuing Operation        |             |
|------------------------|-------------------------------|-------------|-----------------------------|-------------|
|                        | Three months ended 31 October |             | Six months ended 31 October |             |
|                        | 2020                          | 2019        | 2020                        | 2019        |
|                        | (Unaudited)                   | (Unaudited) | (Unaudited)                 | (Unaudited) |
|                        | HK\$'000                      | HK\$'000    | HK\$'000                    | HK\$'000    |
| Taxation comprises:    |                               |             |                             |             |
| Hong Kong Profits Tax  |                               |             |                             |             |
| Current period charged | 663                           | 821         | 1,394                       | 1,500       |

## 8. TAXATION (CONTINUED)

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

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

## 9. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

|                                               | Three months ended 31 October |             | Six months ended 31 October |             |
|-----------------------------------------------|-------------------------------|-------------|-----------------------------|-------------|
|                                               | 2020                          | 2019        | 2020                        | 2019        |
|                                               | (Unaudited)                   | (Unaudited) | (Unaudited)                 | (Unaudited) |
|                                               | HK\$'000                      | HK\$'000    | HK\$'000                    | HK\$'000    |
| Depreciation of property, plant and equipment | 409                           | 1,975       | 1,178                       | 3,730       |
| Depreciation of right-of-use assets           | 2,461                         | –           | 4,160                       | –           |
| Provision of allowance for ECL                | 48,130                        | 480         | 48,130                      | 480         |

## 10. DIVIDEND

No dividend were paid, declared or prepared during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (2019: nil).

## 11. LOSS FOR THE PERIOD FROM 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, namely as Bright Advantage Limited (“Bright Advantage”) and OX Financial Group Limited (“OX Financial Group”) 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.

Bright Advantage held the entire issued share capital of OX Financial Securities Limited (“OX Securities”). OX Securities is a corporation licensed under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) and permitted to carry out type 1 (dealing in securities) regulated activity. OX Financial Group held the entire issued share capital of OX Financial Assets Management Limited (“OX Assets Management”). OX Assets Management is a corporation licensed under the SFO and permitted to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities.

## 11. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION (CONTINUED)

For the period ended 31 October 2020, 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 sales as at 31 October 2020 (details are set out in note 17) and are treated and presented as discontinued operation. Comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

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

|                                                 | Three months ended 31 October |                | Six months ended 31 October |                |
|-------------------------------------------------|-------------------------------|----------------|-----------------------------|----------------|
|                                                 | 2020                          | 2019           | 2020                        | 2019           |
|                                                 | (Unaudited)                   | (Unaudited)    | (Unaudited)                 | (Unaudited)    |
|                                                 | HK\$'000                      | HK\$'000       | HK\$'000                    | HK\$'000       |
| Revenue                                         | 573                           | 136            | 626                         | 304            |
| Other income                                    | 170                           | 72             | 380                         | 80             |
| Operating and administrative expenses           | (2,177)                       | (1,599)        | (4,097)                     | (3,015)        |
| Finance costs                                   | (55)                          | –              | (116)                       | –              |
| Loss for the period from discontinued operation | <u>(1,489)</u>                | <u>(1,391)</u> | <u>(3,207)</u>              | <u>(2,631)</u> |

## 12. 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 from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

|                                                                                                                | Three months ended 31 October |              | Six months ended 31 October |              |
|----------------------------------------------------------------------------------------------------------------|-------------------------------|--------------|-----------------------------|--------------|
|                                                                                                                | 2020                          | 2019         | 2020                        | 2019         |
|                                                                                                                | HK\$'000                      | HK\$'000     | HK\$'000                    | HK\$'000     |
|                                                                                                                | (Unaudited)                   | (Unaudited)  | (Unaudited)                 | (Unaudited)  |
| Loss for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share | <u>45,809</u>                 | <u>3,406</u> | <u>48,959</u>               | <u>9,690</u> |

## 12. LOSS PER SHARE (CONTINUED)

### Basic and diluted loss per share (Continued)

#### (a) From continuing and discontinued operations (Continued)

|                                                                                            | Number<br>of shares   | Number<br>of shares | Number<br>of shares   | Number<br>of shares |
|--------------------------------------------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
| Weighted average number of<br>ordinary shares for the purpose<br>of basic loss per share   | <b>14,367,101,072</b> | 14,367,101,072      | <b>14,367,101,072</b> | 14,367,101,072      |
| Effect of dilutive potential ordinary<br>shares in respect of share options                | <b>221,687,353</b>    | –                   | <b>247,936,843</b>    | –                   |
| Weighted average number of<br>ordinary shares for the purpose<br>of diluted loss per share | <b>14,588,788,425</b> | 14,367,101,072      | <b>14,615,037,915</b> | 14,367,101,072      |

No diluted loss per share is presented for both periods 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:

|                                                   | Three months ended 31 October |                 | Six months ended 31 October |                 |
|---------------------------------------------------|-------------------------------|-----------------|-----------------------------|-----------------|
|                                                   | 2020                          | 2019            | 2020                        | 2019            |
|                                                   | <b>HK\$'000</b>               | <b>HK\$'000</b> | <b>HK\$'000</b>             | <b>HK\$'000</b> |
|                                                   | (Unaudited)                   | (Unaudited)     | (Unaudited)                 | (Unaudited)     |
| Loss for the period from<br>continuing operations | <b>44,320</b>                 | 2,015           | <b>45,752</b>               | 7,059           |

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 periods since the assumed exercise of the share options would result in a decrease in diluted loss per share.

#### (c) From discontinued operation

For the period ended 31 October 2020, basic loss per share from discontinued operation was HK\$0.022 cents per share (2019: HK\$0.018 cents per share), which were calculated based on the loss from discontinued operation for the period ended 31 October 2020 of HK\$3,207,000 (2019: HK\$2,631,000) and the denominators detailed above.

### 13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 31 October 2020, the Group spent approximately HK\$93,000 (six months ended 31 October 2019: approximately HK\$1,019,000) on the acquisition of property, plant and equipment.

The Group obtains rights to control the use of warehouse for fixed lease term of two years. On 31 October 2020, the Group recognised right-of-use assets of approximately HK\$5,469,000 (unaudited) and lease liabilities of approximately HK\$6,719,000 (unaudited).

### 14. LOAN AND INTEREST RECEIVABLES

|                                              | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|----------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Amounts fall due within one year             | 239,483                                          | 151,218                                      |
| Amounts fall due within one to second year   | 111,098                                          | 101,899                                      |
| Amounts fall due within second to fifth year | 92,090                                           | 209,325                                      |
|                                              | <u>442,671</u>                                   | <u>462,442</u>                               |

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

|                                                   | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|---------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Amounts secured with guarantor                    | 15,440                                           | 20,688                                       |
| Amounts secured with securities ( <i>Note a</i> ) | 123,092                                          | 123,870                                      |
| Amounts secured with properties ( <i>Note b</i> ) | 6,270                                            | 6,217                                        |
| Amounts unsecured                                 | 297,869                                          | 311,667                                      |
|                                                   | <u>442,671</u>                                   | <u>462,442</u>                               |

*Notes:*

- (a) The securities are ordinary shares of companies listed on the Stock Exchange.
- (b) The properties are situated in Hong Kong.

## 15. TRADE RECEIVABLES

|                                                                                                               | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Trade receivables from                                                                                        |                                                  |                                              |
| – Scaffolding, fitting out and other auxiliary services for construction and buildings work ( <i>Note a</i> ) | 29,538                                           | 28,657                                       |
| Less: Allowance for credit losses                                                                             | (2,587)                                          | (1,451)                                      |
|                                                                                                               | <u>26,951</u>                                    | <u>27,206</u>                                |

### Notes:

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

|                 | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|-----------------|--------------------------------------------------|----------------------------------------------|
| Within 90 days  | 24,079                                           | 24,092                                       |
| 91 to 180 days  | 1,596                                            | 731                                          |
| 181 to 365 days | 228                                              | 381                                          |
| Above 1 year    | 1,048                                            | 2,002                                        |
|                 | <u>26,951</u>                                    | <u>27,206</u>                                |

As at 31 October 2020, ECL allowance made in respect of trade receivables from scaffolding, fitting out and other auxiliary services for construction and building work was approximately HK\$2,587,000 (30 April 2020: approximately HK\$1,451,000).

## 16. CONTRACT ASSETS

|                                                                                                                    | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Contract assets from scaffolding, fitting out and other auxiliary services<br>for construction and buildings works |                                                  |                                              |
| Analysed as current:                                                                                               |                                                  |                                              |
| Unbilled revenue ( <i>Note a</i> )                                                                                 | 1,993                                            | 5,642                                        |
| Retention monies receivable ( <i>Note b</i> )                                                                      | 2,711                                            | 2,355                                        |
|                                                                                                                    | <hr/>                                            | <hr/>                                        |
|                                                                                                                    | <b>4,704</b>                                     | <b>7,997</b>                                 |
|                                                                                                                    | <hr/> <hr/>                                      | <hr/> <hr/>                                  |

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

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

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

**17. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

As detailed in note 11, 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 31 October 2020 and up to the date of this announcement.

As at 31 October 2020, the Buyer had paid the Company a sum of HK\$7,000,000 as deposit. 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 31 October 2020:

|                                                                             | <b>At 31 October<br/>2020<br/>(Unaudited)<br/>HK\$'000</b> | <b>At 30 April<br/>2020<br/>(Audited)<br/>HK\$'000</b> |
|-----------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Property, plant and equipment                                               | 193                                                        | 246                                                    |
| Right-of-use assets                                                         | 4,211                                                      | 5,132                                                  |
| Prepayments, deposits and other receivables                                 | 1,977                                                      | 1,345                                                  |
| Trade receivables                                                           | 227                                                        | 533                                                    |
| Bank balances and cash – trust account                                      | 3,610                                                      | 6,259                                                  |
| Bank balances and cash – general accounts                                   | 8,597                                                      | 24,072                                                 |
|                                                                             | <hr/>                                                      | <hr/>                                                  |
| <b>Total assets classified as held for sale</b>                             | <b>18,815</b>                                              | <b>37,587</b>                                          |
|                                                                             | <hr/>                                                      | <hr/>                                                  |
| Trade and other payables                                                    | 3,911                                                      | 6,938                                                  |
| Lease liabilities                                                           | 4,551                                                      | 5,097                                                  |
|                                                                             | <hr/>                                                      | <hr/>                                                  |
| <b>Total liabilities associated with assets classified as held for sale</b> | <b>8,462</b>                                               | <b>12,035</b>                                          |
|                                                                             | <hr/> <hr/>                                                | <hr/> <hr/>                                            |

## 18. TRADE AND OTHER PAYABLES

|                                              | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|----------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Within 90 days                               | 4,224                                            | 5,472                                        |
| 91 to 180 days                               | 916                                              | 622                                          |
| 181 to 365 days                              | 553                                              | 2,455                                        |
| Above 1 year                                 | 1,449                                            | –                                            |
|                                              | <hr/>                                            | <hr/>                                        |
| Total trade payables                         | 7,142                                            | 8,549                                        |
| Other payables                               | 4,038                                            | 5,880                                        |
| Deposit received from the Disposal (Note 17) | 7,000                                            | 7,000                                        |
| Accruals                                     | 5,029                                            | 6,820                                        |
|                                              | <hr/>                                            | <hr/>                                        |
| Total trade and other payables               | <u>23,209</u>                                    | <u>28,249</u>                                |

## 19. BANK BORROWINGS AND BANK OVERDRAFTS

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

The directors consider the fair values of the Group's bank borrowings and bank overdrafts, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the end of the reporting period, approximate the carrying amounts.

## 20. SHARE CAPITAL

|                                                  | Par value<br>HK\$ | No. of shares         | Amount<br>HK\$'000 |
|--------------------------------------------------|-------------------|-----------------------|--------------------|
| <b>Authorised:</b>                               |                   |                       |                    |
| At 1 May 2019, 30 April 2020 and 31 October 2020 | 0.01              | <u>40,000,000,000</u> | <u>400,000</u>     |
| <b>Issued and fully paid:</b>                    |                   |                       |                    |
| At 1 May 2019, 30 April 2020 and 31 October 2020 | 0.01              | <u>14,367,101,072</u> | <u>143,670</u>     |

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

| Financial assets                                                                         | Fair value as at                                                               |                                                                                | Fair value hierarchy | Valuation technique(s) and key inputs                                                                                                                                                          | Significant unobservable input(s) |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
|                                                                                          | 31 October<br>2020<br>(Unaudited)                                              | 30 April<br>2020<br>(Audited)                                                  |                      |                                                                                                                                                                                                |                                   |
| Held for trading non-derivative financial assets classified as financial assets at FVTPL | Hong Kong listed equity securities – HK\$25,091,000                            | Hong Kong listed equity securities – HK\$22,686,000                            | Level 1              | Bid prices quoted in active markets in Hong Kong.                                                                                                                                              | N/A                               |
| Non-derivative financial assets classified as equity instruments at FVTOCI               | Hong Kong listed equity securities – HK\$4,970,000                             | Hong Kong listed equity securities – HK\$2,761,000                             | Level 1              | Bid prices quoted in active markets in Hong Kong.                                                                                                                                              | N/A                               |
| Unlisted investment fund classified as financial assets at FVTOCI                        | Unquoted investment fund that is not trade in an active market – HK\$6,466,000 | Unquoted investment fund that is not trade in an active market – HK\$6,494,000 | Level 2              | Quoted price based on the net assets value of the fund which is determined with reference to observable (quoted) prices of underlying investment portfolio and adjustment of related expenses. | N/A                               |

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

## 22. RELATED PARTIES DISCLOSURES

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

|                                                                    | <b>Six months ended 31 October</b> |                          |
|--------------------------------------------------------------------|------------------------------------|--------------------------|
|                                                                    | <b>2020</b>                        | <b>2019</b>              |
|                                                                    | <b>(Unaudited)</b>                 | <b>(Unaudited)</b>       |
|                                                                    | <b>HK\$'000</b>                    | <b>HK\$'000</b>          |
| Interest income from staff and a director of a subsidiary          | <b>5</b>                           | 12                       |
| Commission expense paid to a related company ( <i>Note a</i> )     | <b>(503)</b>                       | (700)                    |
| Patent expense paid to a director of the Company ( <i>Note b</i> ) | <b>–</b>                           | (600)                    |
|                                                                    | <b><u>          </u></b>           | <b><u>          </u></b> |

*Notes:*

- (a) The amounts were received from or paid to a company which is a related company to the Group as a director of a subsidiary of the Group is also the controlling shareholder in that company.
- (b) The amounts were paid to Dr. So Yu Shing, who is an executive director of the Company in respect of the patented brand scaffolding system.

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

|                          | <b>Six months ended 31 October</b> |                          |
|--------------------------|------------------------------------|--------------------------|
|                          | <b>2020</b>                        | <b>2019</b>              |
|                          | <b>(Unaudited)</b>                 | <b>(Unaudited)</b>       |
|                          | <b>HK\$'000</b>                    | <b>HK\$'000</b>          |
| Short term benefits      | <b>5,676</b>                       | 6,359                    |
| Post-employment benefits | <b>90</b>                          | 116                      |
|                          | <b><u>          </u></b>           | <b><u>          </u></b> |
|                          | <b><u>5,766</u></b>                | <b><u>6,475</u></b>      |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 31 October 2020 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$63.5 million (For the same period of 2019: HK\$73.0 million), representing a decrease of approximately 13.0% compared to the corresponding period in 2019. Net loss attributable to owners of the Company from continuing operations during the Reporting Period was approximately HK\$45.8 million (For the same period of 2019: approximately HK\$7.1 million). The decrease in revenue was mainly due to the decrease in contract revenue generated from scaffolding, fitting out and other auxiliary services for construction and buildings work during the Reporting Period. Also, the increase in net loss attributable to owners of the Company from continuing operations was mainly due to the recognition of expected credit losses on the balances under the contract assets, trade and loan receivables of approximately HK\$48.1 million during the Reporting Period. During the Reporting Period, our money lending business continued to contribute stable revenue to the Group and served as one of the major income sources of the Group.

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

The scaffolding, fitting out and other auxiliary services for construction and buildings work was the largest business segment during the Reporting Period. This segment includes scaffolding services, fitting out and other auxiliary services for construction and buildings work. During the Reporting Period, revenue from this segment was approximately HK\$37.8 million, representing a significant decrease of approximately HK\$12.5 million as compared to the corresponding period in 2019, due to less new construction projects being approved by the Government of the HKSAR as its operation has been limited by various measures for prevention of the spread of coronavirus disease 2019 (“COVID-19”), and the slowing down in the progress of existing construction projects caused by (i) delay in the delivery process of construction materials imported from mainland China as a result of the outbreak of COVID-19 and enhanced border control for prevention of disease; and (ii) less available workers in the market as a result of travel restrictions.

#### *Scaffolding Services*

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

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

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Reporting Period, the Group provided scaffolding services to 50 ongoing projects, 23 of which were completed on schedule and 20 new contracts were awarded.

#### *Fitting out Services*

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

#### *Other Auxiliary Services for Construction and Buildings Work*

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

#### **Money Lending Business**

Under the 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 Reporting Period, the Group recorded an increase of the revenue in this segment during the Reporting Period.

The business segment generated an increase of revenue to the Group and the Group recorded a turnover of approximately HK\$24.9 million during the Reporting Period (For the same period of 2019: approximately HK\$21.7 million). The principal amount of the loans granted ranged from HK\$0.2 million to HK\$25.0 million with interest rates ranging from 7.5% to 18% per annum during the Reporting Period.

## **Securities Investment Business**

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

The Group recorded a net loss of approximately HK\$7.3 million (For the same period of 2019: net loss of approximately HK\$9.8 million) for its investment portfolio for the Reporting Period, which was mainly due to the volatility of the stock market in Hong Kong. The Group foresees that the global economy will 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 in March 2018, the holding company of Mass Fidelity Asset Management Limited, a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Reporting Period, the assets management business recorded a revenue of approximately HK\$789,000 representing a decrease of approximately 22.2% compared to the corresponding period in 2019 due to the decline of Hong Kong economy.

## **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 and 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 Purchaser 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 Securities, a company licensed to carry out type 1 (dealing in securities) regulated activity under the SFO (Chapter 571 of the Laws of Hong Kong), and 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 Purchaser and the Company may agree in writing. The aforesaid conditions precedent require, among other matters, the approval of the SFC for the Purchaser (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 been obtained and the Disposal are expected to be completed within five Business Days after the expiry date of the S&P agreement, before 17 December 2020. 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 Reporting Period which are set out in note 11 to the unaudited condensed consolidated financial statements.

## **IMPACT CAUSED BY THE OUTBREAK OF COVID-19**

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

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

In 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. In related to the decrease of the number of new projects in the market, the Group have to lower the contract price for those new projects in the market to obtain them under the intensive competition during the Reporting Period. Therefore, the Group recorded a decrease in its revenue from this segment during the Reporting Period compared to the corresponding period in 2019.

## **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 an increase in loan portfolio during the Reporting Period. 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 during the Reporting Period. 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**

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

Looking ahead to 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**

During the Reporting Period, revenue decreased by approximately 13.0% as compared with the corresponding periods in the preceding financial year. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses increased from approximately HK\$19.1 million to approximately HK\$21.0 million which was mainly due to the increase of the promotion expenses of approximately HK\$1.4 million. Finance costs slightly increased from approximately HK\$4.6 million to approximately HK\$4.3 million. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

## **CAPITAL STRUCTURE**

As at 31 October 2020, the Group had shareholders' equity of approximately HK\$490.9 million (30 April 2020: approximately HK\$537.6 million).

## **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 section above, the Group did not have material acquisitions or disposals of subsidiaries or associates during the six months ended 31 October 2020.

## PLEDGE OF ASSETS

As at 31 October 2020, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

|                              | At 31 October<br>2020<br>(Unaudited)<br>HK\$'000 | At 30 April<br>2020<br>(Audited)<br>HK\$'000 |
|------------------------------|--------------------------------------------------|----------------------------------------------|
| Investment properties        | 48,900                                           | 48,900                                       |
| Leasehold land and buildings | 6,096                                            | 6,210                                        |
| Trade receivables            | 14,814                                           | 17,738                                       |
| Contract assets              | 846                                              | 509                                          |

In addition, as at 31 October 2020, the Group's lease liabilities of motor vehicles for the amount of HK\$1,737,000 (30 April 2020: HK\$1,971,000) are secured by the lessor's charge over the right-of-use assets.

## EVENT AFTER REPORTING PERIOD

On 21 September 2020, the Company entered into a non-legally binding memorandum of understanding ("MOU") with potential vendor (the "Potential Vendor") for the proposed acquisition part of the registered capital in 寧波乾達泓鑫集團有限公司 (the "Target Company") from the Potential Vendor. The Target Company is a company incorporated in the People's Republic of China and its principal activities are: (i) the provision of corporate consultancy services; (ii) research and development of the new infrastructure technology; (iii) operation and management of the big data platform; and (iv) operation and development of the social platform.

The Group is still in the course of negotiation with the Potential Vendor on the detailed terms of the proposed acquisition. The MOU may or may not lead to the entering into of the formal agreement with the Potential Vendor and the proposed acquisition contemplated thereunder may or may not proceed. Further announcement will be made by the Company as and when appropriate. Details of the MOU are set out in the announcement of the Company dated 21 September 2020.

Save as disclosed above, the Group had no important event affecting the Group which have occurred since 31 October 2020.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Reporting Period, 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 31 October 2020, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$490.9 million (30 April 2020: approximately HK\$537.6 million), approximately HK\$390.4 million (30 April 2020: approximately HK\$333.4 million), approximately HK\$193.0 million (30 April 2020: approximately HK\$130.1 million) and approximately HK\$680.0 million (30 April 2020: approximately HK\$732.1 million) respectively.

As at 31 October 2020, the Group's bank borrowings and bank overdrafts were approximately HK\$46.0 million (30 April 2020: approximately HK\$45.1 million) and approximately HK\$18.4 million (30 April 2020: approximately HK\$19.4 million) respectively. As at 31 October 2020, the Group's other loan and other borrowings was HK\$88.0 million (30 April 2020: HK\$82.0 million). As at 31 October 2020, the lease liabilities was approximately HK\$6.7 million (30 April 2020: approximately HK\$9.2 million). As at 31 October 2020, other loan and other borrowings included (i) the 8% coupon bond of HK\$42 million issued by Gold Medal, an indirect wholly owned subsidiary of the Company on 31 October 2020; (ii) the 8.5% coupon bond of HK\$20 million issued by Gold Medal, on 28 October 2019; (iii) the surety bond of HK\$18 million issued by Gold Medal, on 16 September 2020; and (iv) other loan of HK\$8 million refinanced from a financial institution on 27 December 2019.

As at 31 October 2020, the Group's bank balances and cash in general accounts amounted to approximately HK\$63.0 million (30 April 2020: approximately HK\$56.1 million). As at 31 October 2020, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 31.2% (30 April 2020: approximately 27.5%). 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 31 October 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 and were repayable on demand or within one year. Lease liabilities had an average lease term ranging from two to four years (30 April 2020: two 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 2020 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 fifth 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 2020: 12%) interest rate per annum.

## SHARE OPTION SCHEME

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

Under the terms of the Share Option Scheme adopted by the Company on 30 August 2011 (the “Option Scheme”), for the primary purpose of providing incentive to directors, eligible employees and consultants, the Board may, at its absolute discretion, offer full-time employees of the Company or any of its subsidiaries, including executive, non-executive and independent non-executive directors of the Company or any of its subsidiaries or any consultants or advisors of any member of the Group, to take up options to subscribe for shares of the Company. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not, exceed 30% of the issued share capital of the Company from time to time. The life of the Option Scheme was effective until 29 August 2021.

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

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

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

Details of movements in the Company's share options for the six months ended 31 October 2020 are as follows:

|                                   | Date of grant   | Exercisable period<br>(both dates inclusive) | Exercise<br>price per<br>shares<br><i>HK\$</i> | Number of share options         |                                 |                                |                                   |                                   | Outstanding<br>as at<br>31 October<br>2020 |
|-----------------------------------|-----------------|----------------------------------------------|------------------------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------------------------|-----------------------------------|--------------------------------------------|
|                                   |                 |                                              |                                                | Outstanding<br>at 1 May<br>2020 | Granted<br>during the<br>period | Lapsed<br>during the<br>period | Cancelled<br>during the<br>period | Exercised<br>during the<br>period |                                            |
| Executive Director                |                 |                                              |                                                |                                 |                                 |                                |                                   |                                   |                                            |
| Mr. Yuen Chun Fai ( <i>note</i> ) | 23 January 2020 | 6 February 2020 to<br>5 August 2021          | 0.0212                                         | 143,671,010                     | –                               | (143,671,000)                  | –                                 | –                                 | –                                          |
| Employee                          | 23 January 2020 | 6 February 2020 to<br>5 August 2021          | 0.0212                                         | 143,671,010                     | –                               | –                              | –                                 | –                                 | 143,671,010                                |
|                                   |                 |                                              |                                                | <u>287,342,020</u>              | <u>–</u>                        | <u>(143,671,000)</u>           | <u>–</u>                          | <u>–</u>                          | <u>143,671,010</u>                         |

*Note:* A total of 143,671,010 share options granted to Mr. Yuen Chun Fai, an executive director of the Company with the effect to 7 August 2020, were lapsed on the date of termination of his employment in accordance with the terms of the Share Option Scheme.

## PRE-EMPTIVE RIGHTS

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

## MANAGEMENT CONTRACT

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

Save as aforesaid, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the six months ended 31 October 2020.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the six-month period or at any time during the six months ended 31 October 2020.

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

As at 31 October 2020, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Rule 5.46 of the GEM Listing Rules were as follows:

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

| Name of Director             | Capacity                               | Number of<br>ordinary<br>shares held | Number of<br>underlying<br>shares held | Approximate<br>percentage of<br>the issued share<br>capital of the<br>Company as at<br>31 October 2020 |
|------------------------------|----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------|
| Dr. So Yu Shing              | Beneficial owner                       | 3,320,000                            |                                        |                                                                                                        |
|                              | Interest of spouse ( <i>note (a)</i> ) | <u>3,320,000</u>                     |                                        |                                                                                                        |
|                              |                                        | 6,640,000                            |                                        | 0.05%                                                                                                  |
| Ms. Lai Yuen Mei,<br>Rebecca | Beneficial owner                       | 3,320,000                            |                                        |                                                                                                        |
|                              | Interest of spouse ( <i>note (a)</i> ) | <u>3,320,000</u>                     |                                        |                                                                                                        |
|                              |                                        | 6,640,000                            |                                        | 0.05%                                                                                                  |
| Mr. Kong Kam Wang            | Beneficial owner                       | 1,778,000                            |                                        | 0.01%                                                                                                  |
| Mr. So Wang Chun, Edmond     | Beneficial owner                       | 800,000                              |                                        | 0.01%                                                                                                  |

*Notes:*

(a) Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 31 October 2020.

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

As at 31 October 2020, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

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

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

During the six months ended 31 October 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 31 October 2020, the Company had followed a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

## **COMPETING INTERESTS**

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

| <b>Name of Director</b> | <b>Name of entity which are considered to compete or likely to compete with the business of the Group</b> | <b>Description of competing business</b> | <b>Nature of interests</b> |
|-------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|
| Law Man Sang            | KGI Asia Limited                                                                                          | Securities brokerage                     | Executive director         |

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **CORPORATE GOVERNANCE**

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

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Dr. So Yu Shing, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the interim period and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

## **AUDIT COMMITTEE**

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

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

The Group's unaudited condensed consolidated interim results for the six months ended 31 October 2020 have not been audited by the Company's auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

On behalf of the Board

**So Yu Shing**

*Chairman*

Hong Kong, 11 December 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. Tse Fung Chun (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Ms. Lam Wai Yu (Independent Non-executive Director) and Mr. Lo Ka Ki (Independent Non-executive Director).*

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

*This announcement will remain on the website of the GEM of the Stock Exchange for at least seven days from the day of its posting and on the website of the Company at [www.wls.com.hk](http://www.wls.com.hk).*