



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 APRIL 2022**

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

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

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

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

\* For identification purpose only

## ANNUAL RESULTS

The board of Directors (“Board”) of the Company announces the consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 30 April 2022, together with comparative audited figures for the preceding financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 30 April 2022*

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>191,027</b>	150,206
Cost of sales		<b>(118,999)</b>	(78,164)
Gross profit		<b>72,028</b>	72,042
Other income	5	<b>879</b>	6,647
Other gains and (losses)	6	<b>(59,237)</b>	(47,356)
Operating and administrative expenses		<b>(49,847)</b>	(42,680)
Fair value changes on investment properties		<b>2,521</b>	(4,500)
Gain on disposal of property, plant and equipment		<b>–</b>	829
Loss on write-off of property, plant and equipment		<b>(407)</b>	(391)
Gain on disposal of subsidiaries		<b>34,446</b>	12,255
Finance costs	7	<b>(8,093)</b>	(9,775)
Loss before taxation		<b>(7,710)</b>	(12,929)
Taxation	8	<b>(4,258)</b>	(6)
Loss for the year from continuing operations	9	<b>(11,968)</b>	(12,935)
Discontinued operation			
Loss for the year from discontinued operation	10	<b>–</b>	(3,153)
Loss for the year		<b>(11,968)</b>	(16,088)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)***For the year ended 30 April 2022*

	<i>NOTES</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company:			
– from continuing operations		<b>(10,818)</b>	(13,750)
– from discontinued operation		<u>–</u>	<u>(3,153)</u>
		<b>(10,818)</b>	(16,903)
(Loss) profit for the year attributable to non-controlling interests:			
– from continuing operations		<u><b>(1,150)</b></u>	<u>815</u>
		<u><b>(11,968)</b></u>	<u>(16,088)</u>
From continuing and discontinued operations			
Loss per share – basic and diluted	<i>12</i>	<b>(HK\$0.075 cent)</b>	(HK\$0.118 cent)
From continuing operations			
Loss per share – basic and diluted	<i>12</i>	<u><b>(HK\$0.075 cent)</b></u>	<u>(HK\$0.096 cent)</u>

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

For the year ended 30 April 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(11,968)</b>	(16,088)
Other comprehensive (expense) income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments		
at fair value through other comprehensive income (“FVTOCI”)	(897)	627
Disposal of equity instruments at FVTOCI	–	33
	<hr/>	<hr/>
Other comprehensive (expense) income for the year, net of taxation	(897)	660
	<hr/>	<hr/>
Total comprehensive expense for the year	(12,865)	(15,428)
	<hr/>	<hr/>
Total comprehensive expense for the year attributable to owners of the Company:		
– from continuing operations	(11,715)	(13,090)
– from discontinued operation	–	(3,153)
	<hr/>	<hr/>
	(11,715)	(16,243)
	<hr/>	<hr/>
Total comprehensive (expense) income attributable to non-controlling interests:		
– from continuing operations	(1,150)	815
	<hr/>	<hr/>
	(12,865)	(15,428)
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2022

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		–	–
Property, plant and equipment		<b>11,803</b>	4,284
Right-of-use assets		<b>3,598</b>	3,315
Intangible asset		–	–
Interests in associates and a joint venture		–	–
Equity instruments at FVTOCI		<b>3,372</b>	9,852
Loan and interest receivables	<i>13</i>	<b>239,831</b>	266,429
Prepayments, deposits and other receivables		<b>961</b>	791
Deferred tax assets		<b>6,625</b>	9,793
		<hr/> <b>266,190</b> <hr/>	<hr/> 294,464 <hr/>
<b>Current assets</b>			
Loan and interest receivables	<i>13</i>	<b>246,435</b>	205,746
Prepayments, deposits and other receivables		<b>13,225</b>	13,796
Trade receivables	<i>14</i>	<b>40,706</b>	25,662
Contract assets		<b>13,089</b>	9,970
Inventories		<b>866</b>	1,226
Financial assets at fair value through profit or loss (“FVTPL”)		<b>71,953</b>	64,643
Tax recoverable		<b>13</b>	13
Pledged bank deposit		<b>14,707</b>	–
Bank balances and cash – trust account		<b>2</b>	2
Bank balances and cash – general accounts		<b>36,188</b>	44,053
		<hr/> <b>437,184</b> <hr/>	<hr/> 365,111 <hr/>
Assets classified as held for sale	<i>15</i>	<hr/> – <hr/>	<hr/> 51,490 <hr/>
		<hr/> <b>437,184</b> <hr/>	<hr/> 416,601 <hr/>

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

At 30 April 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
<b>Current liabilities</b>			
Trade and other payables	16	33,130	31,072
Contract liabilities		17,288	6,767
Lease liabilities	17	2,602	3,809
Retention monies payables		5,167	3,411
Tax payable		721	648
Bank borrowings	18	8,634	47,859
Other loan and other borrowings	19	116,433	80,000
Bank overdrafts	18	10,933	21,812
		<u>194,908</u>	<u>195,378</u>
Liabilities associated with assets classified as held for sale	15	–	6,305
		<u>194,908</u>	<u>201,683</u>
<b>Net current assets</b>		<u>242,276</u>	<u>214,918</u>
<b>Total assets less current liabilities</b>		<u>508,466</u>	<u>509,382</u>
<b>Non-current liabilities</b>			
Lease liabilities	17	1,622	305
Other loan and other borrowings		3,020	–
Deferred tax liabilities		1,279	189
		<u>5,921</u>	<u>494</u>
<b>Net assets</b>		<u>502,545</u>	<u>508,888</u>
<b>Capital and reserves</b>			
Share capital		143,670	143,670
Reserves		365,968	377,683
Equity attributable to the owners of the Company		509,638	521,353
Non-controlling interests		(7,093)	(12,465)
<b>Total equity</b>		<u>502,545</u>	<u>508,888</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2022

	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	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000		
At 1 May 2020	143,670	560,230	191,087	2,222	2,801	(38,366)	(324,015)	537,629	(13,280)	524,349
Loss for the year	-	-	-	-	-	-	(16,903)	(16,903)	815	(16,088)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	627	-	627	-	627
Disposal of equity instruments at FVTOCI	-	-	-	-	-	33	(33)	-	-	-
Total comprehensive expense for the year	-	-	-	-	-	660	(16,936)	(16,276)	815	(15,461)
Lapse of share options	-	-	-	-	(1,422)	-	1,422	-	-	-
<b>At 30 April 2021</b>	<b>143,670</b>	<b>560,230</b>	<b>191,087</b>	<b>2,222</b>	<b>1,379</b>	<b>(37,706)</b>	<b>(339,529)</b>	<b>521,353</b>	<b>(12,465)</b>	<b>508,888</b>

	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	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000		
At 1 May 2021	143,670	560,230	191,087	2,222	1,379	(37,706)	(339,529)	521,353	(12,465)	508,888
Loss for the year	-	-	-	-	-	-	(10,818)	(10,818)	(1,150)	(11,968)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(897)	-	(897)	-	(897)
Disposal of equity instruments at FVTOCI	-	-	-	-	-	765	(765)	-	-	-
Total comprehensive expense for the year	-	-	-	-	-	(132)	(11,583)	(11,715)	(1,150)	(12,865)
Lapse of share options	-	-	-	-	(1,379)	-	1,379	-	-	-
Eliminated on disposal of subsidiaries	-	-	-	-	-	-	-	-	6,522	6,522
<b>At 30 April 2022</b>	<b>143,670</b>	<b>560,230</b>	<b>191,087</b>	<b>2,222</b>	<b>-</b>	<b>(37,838)</b>	<b>(349,733)</b>	<b>509,638</b>	<b>(7,093)</b>	<b>502,545</b>

### Notes:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

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

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 May 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year had no material impact on the Groups’ financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2**

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

#### **Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)**

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.



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

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

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Group’s financial positions and performance and/or on the disclosures to the Group in the foreseeable future.

### 3. REVENUE

For the year ended 30 April 2022

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<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 buildings work	140,283	96,601
Assets management business	1,980	1,848
	<u>142,263</u>	<u>98,449</u>
<b>Revenue from other sources:</b>		
Loan interest income	48,764	51,757
	<u>48,764</u>	<u>51,757</u>
Total revenue from continuing operations	<u>191,027</u>	<u>150,206</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Timing of revenue recognition from continuing operations:</b>		
Over time	142,263	98,449
	<u>142,263</u>	<u>98,449</u>

Revenue from contracts with customer from discontinued operation of securities brokerage and margin financing business is nil (2021: HK\$784,000) are recognised at a point in time.

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

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

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

*Assets management business*

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

### 3. REVENUE (Continued)

For the year ended 30 April 2022 (Continued)

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Scaffolding, fitting out and other auxiliary services for construction and buildings work		
Within one year	54,305	80,113
More than one year but not more than two years	36,276	32,448
More than two years	18,030	783
	<hr/>	<hr/>
Total	<b>108,611</b>	113,344
	<hr/> <hr/>	<hr/> <hr/>

### 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 year ended 30 April 2022, 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.

#### 4. SEGMENT INFORMATION (Continued)

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

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

##### For the year ended 30 April 2022

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Continuing operations:</b>					
<b>REVENUE</b>					
External revenue	140,283	48,764	–	1,980	191,027
Other gains and (losses)	(5,432)	(7,628)	(4,157)	–	(17,217)
Net impairment losses reversed (recognised) arising from ECL	170	(41,793)	–	–	(41,623)
Other income	90	212	–	418	720
Total	135,111	(445)	(4,157)	2,398	132,907
Segment result	(14,688)	(20,360)	11,356	(159)	(23,851)
Fair value changes on investment properties					2,521
Gain on disposal of subsidiaries					34,446
Loss on write-off of property, plant and equipment					(407)
Finance costs					(8,093)
Unallocated corporate income					159
Unallocated corporate expenses					(12,485)
Loss before taxation					(7,710)
<b>At 30 April 2022</b>					
<b>ASSETS</b>					
Segment assets	84,999	516,469	83,921	1,106	686,495
<b>LIABILITIES</b>					
Segment liabilities	(76,282)	(81,023)	(73)	(727)	(158,105)

#### 4. SEGMENT INFORMATION (Continued)

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

For the year ended 30 April 2021

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Continuing operations:					
<b>REVENUE</b>					
External revenue	96,601	51,757	–	1,848	150,206
Other gains and (losses)	(433)	(6,218)	17,577	–	10,926
Net impairment losses recognised arising from ECL	(3,862)	(54,420)	–	–	(58,282)
Other income	4,331	–	17	812	5,160
Total	96,637	(8,881)	17,594	2,660	108,010
Segment result	(4,678)	(46,976)	47,117	241	(4,296)
Fair value changes on investment properties					(4,500)
Gain on disposal of subsidiaries					12,255
Gain on disposal of property, plant and equipment					829
Loss on write-off of property, plant and equipment					(391)
Finance costs					(9,775)
Unallocated corporate income					1,487
Unallocated corporate expenses					(8,538)
Loss before taxation					(12,929)
<b>At 30 April 2021</b>					
<b>ASSETS</b>					
Segment assets	48,313	504,836	82,527	1,816	637,492
<b>LIABILITIES</b>					
Segment liabilities	94,429	83,270	2,939	1,247	181,885

#### 4. SEGMENT INFORMATION (Continued)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 30 April 2022 and 2021.

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

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

- all assets are allocated to reportable and operating segments other than, certain right-of-use assets, certain inventories, certain property, plant and equipment, certain prepayments and deposits and other receivables and certain bank balances and cash;
- all liabilities are allocated to reportable and operating segments other than certain other payables, certain lease liabilities, certain tax payables, certain other loan and other borrowings.

##### Other Segment Information

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Major amounts included in the measure of segment results and segment assets from continuing operations:</b>						
<b>For the year ended 30 April 2022</b>						
Capital expenditure	(3,513)	(6,400)	-	-	(3)	(9,916)
Depreciation of property, plant and equipment	(1,492)	(240)	-	(10)	(157)	(1,899)
Depreciation of right-of-use assets	(2,994)	-	-	-	(727)	(3,721)
Fair value changes on investment properties	-	-	-	-	2,521	2,521
Loss on disposal of property, plant and equipment	-	-	-	-	-	-
Loss on write-off of property, plant and equipment	(407)	-	-	-	-	(407)
Fair value loss on financial assets at FVTPL, net	-	-	(4,230)	-	-	(4,230)
Gain on disposal of financial assets at FVTPL	-	-	72	-	-	72
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 4. SEGMENT INFORMATION (Continued)

##### Other Segment Information (Continued)

	Scaffolding, fitting out and other auxiliary services for construction and buildings work <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities investment business <i>HK\$'000</i>	Assets management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Major amounts included in the measure of segment results and segment assets from continuing operations:</b>						
<b>For the year ended 30 April 2021</b>						
Capital expenditure	(1,819)	-	-	-	-	(1,819)
Depreciation of property, plant and equipment	(1,381)	-	-	(10)	(637)	(2,028)
Depreciation of right-of-use assets	(3,346)	-	-	-	(872)	(4,218)
Fair value changes on investment properties	-	-	-	-	(4,500)	(4,500)
Gain on disposal of property, plant and equipment	829	-	-	-	-	829
Loss on write-off of property, plant and equipment	(391)	-	-	-	-	(391)
Fair value gain on financial assets at FVTPL, net	-	-	18,059	-	-	18,059
Loss on disposal of financial assets at FVTPL	-	-	(483)	-	-	(483)

##### Geographical segments

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

	Revenue		Specified non-current assets	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>199,226</u>	<u>150,206</u>	<u>11,803</u>	<u>4,284</u>

#### 4. SEGMENT INFORMATION (Continued)

##### Information on major customers

During the year ended 30 April 2022, the Group had transactions with two (2021: one) customer who contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from these major customers is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue earned from scaffolding, fitting out and other auxiliary services for construction and buildings work:		
Customer 1	60,202	53,679
Customer 2	<u>28,532</u>	<u>12,218</u>

#### 5. OTHER INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental income	67	881	–	–	67	881
Management fee income	240	525	–	–	240	525
Sundry income	475	339	–	–	475	339
Government subsidy ( <i>note</i> )	23	4,710	–	380	23	5,090
COVID-19-related rent concession	–	90	–	–	–	90
Interest income	73	100	–	–	73	100
Foreign exchange gains, net	1	2	–	–	1	2
	<u>879</u>	<u>6,647</u>	<u>–</u>	<u>380</u>	<u>879</u>	<u>7,027</u>

*Note:* During 2021, the Group recognised government grants of HK\$4,710,000 in respect of COVID-19-related subsidies of which HK\$4,556,000 relates to Employment Support Scheme, HK\$124,000 relates to Anti-epidemic Fund and the remaining relates to one-off subsidy for transport trades provided by the HKSAR government.



## 6. OTHER GAINS AND (LOSSES)

	Continuing operations		Discontinued operation		Consolidated	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value (loss) gain on financial assets at FVTPL, net	(4,230)	18,059	-	-	(4,230)	18,059
Gain (loss) on disposal of financial assets at FVTPL	72	(483)	-	-	72	(483)
Gain on debt modification	3,490	-	-	-	3,490	-
Net impairment losses (recognised) reversed arising from ECL on:						
- Loan and interest receivables	(41,793)	(54,420)	-	-	(41,793)	(54,420)
- Trade receivables	(34)	(3,649)	-	-	(34)	(3,649)
- Contract assets	204	(213)	-	-	204	(213)
Write-off of trade receivables	(2,227)	-	-	-	(2,227)	-
Write down of inventories	(398)	-	-	-	(398)	-
Write-off of other receivables	(3,203)	(432)	-	-	(3,203)	(432)
Write-off of loan and interest receivables	(11,118)	(6,218)	-	-	(11,118)	(6,218)
	<u>(59,237)</u>	<u>(47,356)</u>	<u>-</u>	<u>-</u>	<u>(59,237)</u>	<u>(47,356)</u>

## 7. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and bank overdrafts	1,119	2,990	-	-	1,119	2,990
Interest on other loan and other borrowings	6,657	6,450	-	-	6,657	6,450
Interest on lease liabilities	317	335	-	142	317	477
	<u>8,093</u>	<u>9,775</u>	<u>-</u>	<u>142</u>	<u>8,093</u>	<u>9,917</u>

## 8. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Taxation comprises:						
Hong Kong Profits Tax						
Current year charged	-	-	-	-	-	-
Underprovision in prior year	-	-	-	-	-	-
Deferred tax						
Current year charged (credited)	<u>4,258</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>4,258</u>	<u>6</u>
	<u>4,258</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>4,258</u>	<u>6</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation from continuing operations	<u>(7,710)</u>	<u>(12,929)</u>
Tax at tax rate applicable in the relevant jurisdictions	(1,272)	(2,133)
Tax effect of expenses not deductible for tax purpose	2,420	169
Tax effect of income not taxable for tax purpose	(5,279)	(10,821)
Tax effect of tax losses not recognised	2,830	3,864
Tax effect of utilisation of tax losses previously not recognised	(4,460)	(52)
Tax effect of deductible temporary differences not recognised	<u>10,019</u>	<u>8,979</u>
Taxation for the year from continuing operations	<u>4,258</u>	<u>6</u>

## 9. LOSS FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loss for the year has been arrived at after charging (crediting):						
Auditor's remuneration						
– audit service	664	678	–	67	664	745
– non-audit service	–	125	–	–	–	125
Cost of inventories recognised as an expense	13,016	9,318	–	–	13,016	9,318
Fair value loss (gain) on financial assets at FVTPL						
– Held for trading	4,230	(18,059)	–	–	4,230	(18,059)
– Designated as FVTPL	–	–	–	–	–	–
	<u>4,230</u>	<u>(18,059)</u>	<u>–</u>	<u>–</u>	<u>4,230</u>	<u>(18,059)</u>
Depreciation of property, plant and equipment	1,899	2,028	–	–	1,899	2,028
Depreciation of right-of-use assets	3,721	4,218	–	–	3,721	4,218
Gross rental income from investment properties	67	881	–	–	67	881
Less: direct operating expenses incurred for investment properties that generate rental income during the year	–	(264)	–	–	–	(264)
	<u>67</u>	<u>617</u>	<u>–</u>	<u>–</u>	<u>67</u>	<u>617</u>
Write down of inventories	398	–	–	–	398	–
Staff costs including directors' emoluments						
– Basis salaries, bonus, other benefits and retirement benefit scheme contributions	44,898	38,237	–	1,819	44,898	40,056
– Share-based payment expenses	–	–	–	–	–	–
	<u>44,898</u>	<u>38,237</u>	<u>–</u>	<u>1,819</u>	<u>44,898</u>	<u>40,056</u>

## 10. DISCONTINUED OPERATION

On 11 December 2019, the Company as vendor entered into a sale and purchase agreement (the “S&P Agreement”) with Mr. Tsang Pui Lan Patrick (the “Buyer”) as purchaser, being independent third party of the Group, pursuant to which the Company conditionally agreed to sell, and the Buyer conditionally agreed to buy the entire issued share capital of two wholly-owned subsidiaries of the Company, together with their respective wholly-owned subsidiaries (the “Disposed Subsidiaries”) which were engaged in the securities brokerage and margin financing business (the “Disposal”), for a cash consideration of HK\$7,000,000 plus the net asset value of Disposed Subsidiaries as at completion date. The disposal has been completed on 17 December 2020. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

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

	2021 HK\$'000
Revenue	784
Other income	380
Operating and administrative expenses	(4,175)
Finance costs	(142)
	<hr/>
Loss for the year from discontinued operation	<u>(3,153)</u>

During the year ended 30 April 2021, the discontinued operation of the Group used cashflow of HK\$15,000,000 in respect of operating activities, cashflow of Nil in respect of investing activities and used generated cashflow of HK\$1,317,000 in respect of financing activities.

## 11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 30 April 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

## 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 attributable to the owners of the Company is based on the following data:

	2022 HK\$'000	2021 HK\$'000
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>10,818</u>	<u>16,903</u>

## 12. LOSS PER SHARE (Continued)

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

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

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>14,367,101,072</b>	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	<u>–</u>	<u>117,375,297</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><b>14,367,101,072</b></u>	<u>14,484,476,369</u>

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

#### (b) From continuing operations

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

	2022 <b>HK\$'000</b>	2021 HK\$'000
Loss for the year from continuing operations	<u><b>10,818</b></u>	<u>13,750</u>

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

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

#### (c) From discontinued operation

For the year end 30 April 2021, basic loss per share from discontinued operation was HK\$0.02 cents per share, which were calculated based on the loss from discontinued operation for the year of HK\$3,153,000 and the denominators detailed above.

### 13. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan and interest receivables	641,762	598,401
Less: Allowance for credit losses	<u>(155,496)</u>	<u>(126,226)</u>
	<u><b>486,266</b></u>	<u><b>472,175</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amounts fall due within one year	246,435	205,746
Amounts fall due within one to second year	213,718	185,107
Amounts fall due within second to fifth year	<u>26,113</u>	<u>81,322</u>
	<u><b>486,266</b></u>	<u><b>472,175</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amounts secured with guarantor	54,353	34,471
Amounts secured with securities ( <i>Note a</i> )	109,910	98,960
Amounts secured with properties ( <i>Note b</i> )	–	8,002
Amounts unsecured	<u>322,003</u>	<u>330,742</u>
	<u><b>486,266</b></u>	<u><b>472,175</b></u>

### 13. LOAN AND INTEREST RECEIVABLES (Continued)

Notes:

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

As at 30 April 2022, included in the Group's loan and interest receivables balance are debtors with aggregate gross carrying amount of approximately HK\$62,882,000 (2021: HK\$52,759,000) which are past due as at the reporting date, of which approximately HK\$26,656,000 (2021: HK\$25,459,000) has been past due less than 30 days, approximately HK\$4,415,000 (2021: HK\$655,000) has been past due more than 30 days but less than 90 days, approximately HK\$18,373,000 (2021: HK\$10,610,000) has been past due more than 90 days but less than 180 days, approximately HK\$10,000,000 (2021: HK\$11,116,000) has been past due more than 180 days but less than 1 year, and approximately HK\$3,438,000 (2021: HK\$4,919,000) has been past due more than 1 year. The Directors consider credit risks of loan and interest receivables that are past due more than 90 days have increased significantly and those past due more than 180 days are considered as credit-impaired.

Included in the carrying amount of loan and interest receivables as at 30 April 2022 is accumulated allowance for credit losses of HK\$155,496,000 (2021: HK\$126,226,000).

During the year ended 30 April 2022, loan and interest receivables were charged on fixed interest rate mutually agreed between the contracting parties, ranging from 7% to 22% (2021: 7% to 40.5%) per annum.

### 14. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work ( <i>Note a</i> )	41,042	33,537
Less: Allowance for credit losses	(336)	(7,875)
	<u>40,706</u>	<u>25,662</u>

#### 14. TRADE RECEIVABLES (Continued)

Notes:

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Within 90 days	<b>35,105</b>	21,943
91 to 180 days	<b>3,714</b>	3,133
181 to 365 days	<b>67</b>	236
Above 1 year	<b>1,820</b>	350
	<hr/> <b>40,706</b> <hr/>	<hr/> 25,662 <hr/>

As at 30 April 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$4,839,000 (2021: HK\$25,463,000), which are past due as at the reporting date. Out of the past due balances, approximately HK\$1,544,000 (2021: HK\$3,690,000) has been past due more than 90 days and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Trade receivables from scaffolding, fitting out and other auxiliary services for construction and buildings work of approximately HK\$3,021,000 (2021: approximately HK\$15,054,000) have been pledged to secure general banking facilities granted to the Group.



## 15. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

### Disposal of Wui Loong Holdings Company Limited:

The Company entered into the S&P Agreement to dispose of the subsidiaries which held the investment property. The Disposal was completed as at 31 May 2021.

As at 8 February 2021, the Company has entered into the Sale and purchases (the “S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”) as purchases, being the related 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 the wholly-owned subsidiary (the “Disposed Subsidiary”) of the Company which held the investment property. As at 30 April 2021, the Buyer had paid the Company a sum of HK\$7,588,000 as deposit. The Disposed Subsidiary is classified as held for sale as at 30 April 2021.

	2021 <i>HK\$'000</i>
Investment property	44,400
Property, plant and equipment	
– Leasehold land and buildings	5,981
– Furniture and fixtures	265
Deposits and other receivables	817
Bank balances and cash	27
	<hr/>
Total assets classified as held for sale	51,490
	<hr/> <hr/>
Trade and other payables	204
Other loans	6,000
Deferred tax liability	101
	<hr/>
Total liabilities associated with assets classified as held for sale	6,305
	<hr/> <hr/>

## 16. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	16,692	10,772
Other payables ( <i>Note b</i> )	11,969	7,616
Deposit received from the Disposal	–	7,588
Accruals	4,469	5,096
	<hr/>	<hr/>
Total trade and other payables	<b>33,130</b>	<b>31,072</b>
	<hr/> <hr/>	<hr/> <hr/>

### Notes:

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	11,387	7,103
91 to 180 days	1,700	1,299
181 to 365 days	3,213	195
More than 365 days	392	2,175
	<hr/>	<hr/>
	<b>16,692</b>	<b>10,772</b>
	<hr/> <hr/>	<hr/> <hr/>

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

- (b) Included in other payables, HK\$7,900,000 was amount due to a related company, owned by a director of the Company and HK\$2,400,000 was the patent amount payable to a director of the Company.

## 17. LEASE LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	2,602	3,809
Within a period of more than one year but not more than two years	1,027	264
Within a period of more than two years but not more than five years	595	41
	<hr/>	<hr/>
	4,224	4,114
Less: Amounts due for settlement within one year shown under current liabilities	<b>(2,602)</b>	<b>(3,809)</b>
	<hr/>	<hr/>
Amounts due for settlement after one year shown under non-current liabilities	<b>1,622</b>	<b>305</b>
	<hr/> <hr/>	<hr/> <hr/>

## 18. BANK BORROWINGS AND BANK OVERDRAFTS

As at 30 April 2022 and 2021, bank borrowings and bank overdrafts were secured by the Group's self-owned properties, certain trade receivables, certain contract assets and the Company's corporate guarantee. The amounts due are based on scheduled repayment dates set out in the loan agreements.

All the Group's bank borrowings and bank overdrafts carried variable interest at 1-month Hong Kong Interbank Offered Rate (the "HIBOR") plus 2.5% per annum or from fixed deposit rate plus 1% as at 30 April 2022. The effective interest rate for the Group's bank borrowings and bank overdrafts ranged from 1.11% to 2.95% per annum.

All the Group's bank borrowings and bank overdrafts carried variable interest at 1-month Hong Kong Interbank Offered Rate (the "HIBOR") plus 1.5% per annum or from Hong Kong Dollar Prime Rate (the "Prime Rate") to the Prime Rate minus 1% as at 30 April 2021. The effective interest rate for the Group's bank borrowings and bank overdrafts ranged from 1.64% to 5.25% per annum.

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

## 19. OTHER LOAN AND OTHER BORROWINGS

During the current year, WLS Holdings Limited issued 5 coupon bonds as follows:

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

## 19. OTHER LOAN AND OTHER BORROWINGS (Continued)

Gold Medal Hong Kong Limited (“Gold Medal”), an indirect wholly-owned subsidiary of the Company, issued a 5-year 8% coupon bond in the principal amount of HK\$42,000,000 on 31 October 2020 which were secured by the Company’s corporate guarantee. The whole principal amount is repayable at the date of its maturity. The Company and the bondholder may request early redemption of the bond after 3 months of the issuance date of the bond. The interest rate has been changed to 6.5% since 1 February 2022. The modification of interest rate was considered as non-substantial under quantitative test, in which the net present value of the cash flow under the new terms discounted at the original effective interest rate for the remaining cash flows of the bond period is less than 10%. Therefore, the adjustment to the carrying amount of the bond is recognised in profit or loss at the date of modification.

A 3-year 8.5% coupon unlisted straight bonds at a nominal value of HK\$20,000,000 was issued by Gold Medal on 28 October 2019 which were secured by the Company’s corporate guarantee. The Company and the bondholder may request early redemption of the bond after 3 months of the issuance date of the bond. The interest rate has been changed to 6.5% since 1 February 2022. The modification of interest rate was considered as non-substantial under quantitative test, in which the net present value of the cash flow under the new terms discounted at the original effective interest rate for the remaining cash flows of the bond period is less than 10%. Therefore, the adjustment to the carrying amount of the bond is recognised in profit or loss at the date of modification.

A surety bond of HK\$18,000,000 issued by Gold Medal was issued on 16 September 2020 with no interest bearing which will mature on the second anniversary date of the issue date. Original bond can be returned to the Surety at sole discretion of Aeso Ltd.

The bonds issued by Gold Medal are either repayable on demand or repayable within one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

During the year ended 30 April 2022 (“Year”), the Group recorded an increase in the Group’s total revenue for the Year from continuing operations of approximately HK\$191.0 million, representing an increase of approximately 27.2% as compared with the year ended 30 April 2021 (“Last Year”). Net loss attributable to the owners of the Company for the Year from continuing operations was approximately HK\$10.8 million, representing a significant decrease of approximately 21.3% as compared with Last Year.

The operations and reportable segments for the Year were presented as (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, (iii) securities investment business, and (iv) assets management business.

The detailed business and financial review of each business segment is stated below.

### BUSINESS REVIEW

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

The scaffolding, fitting out and other auxiliary services for construction and buildings work was the largest business segment for the Year. This segment includes scaffolding services, fitting out services and other auxiliary services for construction and buildings work. For the Year, revenue from this segment was approximately HK\$140.3 million, representing an increase of approximately HK\$43.7 million as compared with Last Year (Last Year: approximately HK\$96.6 million), which was due to the Group has bid the new construction contracts with higher contract price in FY2022. The Group has awarded a total of 13 new construction contracts during the Year (Last Year: 28 new construction contracts).

#### *Scaffolding Services*

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

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

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Year, the Group provided scaffolding services to 50 ongoing projects, 8 of which were completed on schedule and 13 new contracts were awarded.

## **Project portfolio of scaffolding services (as of 30 April 2022)**

- Residential Development of 34-38 Belcher's Street
- Additional & Alteration Works at House 8, Mount Nicholson Road
- Commercial Development at YLTL532, Tung Tau Industrial Area, Yuen Long
- Comprehensive Hotel Development at Lai Ying Street, Cheung Sha Wan
- Comprehensive Redevelopment at 138 Carpenter Road, Kowloon
- Enhanced Security Measures works at Yuen Long Yoho Mall I & II
- Comprehensive Development of Jockey Club One Health Tower for City University of Hong Kong
- Comprehensive Development of LRT Tin Wing Stop Tin Shui Wai
- Additional and Alternation Works at Millennium City 6 392 Kwun Tong Road
- Property Development at Tung Chau Street and 1-5 Kweilin Street
- Public Housing Development at Tsing Hung Road, Tsing Yi
- Redevelopment of Nissin Food Factory Silo System, 19, 21-23 Dai Shing Street, Tai Po
- Redevelopment of Khalsa Diwan Hong Kong (Sikh Temple)
- Residential Development at 195 Prince Edward Road West
- Residential Development at 33 To Shek Street, Shatin
- Redevelopment of Island School at No. 20 Borrett Road, Mid-Levels
- Industrial Development at Lot 313 and TWIL 49 Tsuen Wan, N.T.
- Residential Development of Subsidised Sale Flats Development at Ko Shan Road
- Residential Development of Subsidised Sale Flats Development at Diamond Hill Comprehensive Development Area
- Residential Development of Siu Hong Phase 2 Building
- New High Tier Data Centre at T.K.O.T.L 131
- Residential Commercial Complex Building Development on T.K.O.T.L No.17 at Tseung Kwan O
- Residential Development at Lohas Park (Phrase 10)
- Residential Development at No 3 Off Anderson Road, Kwun Tong
- Residential Redevelopment at No 233-235 Prince Edward Road West
- Residential Development at Reclamation Street/Shan Tung Street, Mong Kok
- Residential Development at Wong Ma Kok
- Residential Development at Yau Tong Inland Lot No. 44
- Residential Development of Church Facilities, Residential Care Home & Senior Hostel at 17A & B Ventris Road
- Superstructure & Associated Works for the expansion of United Christian Hospital (Phrase II)
- Repairment and Maintenance work at World Trade Center
- Repair, Maintenance, Alteration and Addition work at Yuen Long Yoho Mall I & II

### *Fitting out Services*

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

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

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

## Money Lending Business

The Group's money lending business is operated by an indirect wholly-owned subsidiary of the Company, Gold Medal Hong Kong Limited ("Gold Medal") which is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group earns interest income through providing loans to customers, including individuals, private and listed companies. Customers are usually from referrals from the business network and connections of the management. The day-to-day operation of the money lending business is mainly handled by the directors of Gold Medal, while all loan applications are subject to final review and approval by the Board.

Under the ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, Gold Medal has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower. Thus, the business segment recorded a decrease of revenue during the Year and recorded a turnover of approximately HK\$48.8 million for the Year (Last Year: approximately HK\$51.8 million). For the loan portfolio as at 30 April 2022, the principal amount of the loans ranged from approximately HK\$0.1 million to HK\$25.0 million with interest rates ranging from 7.0% to 22.0% per annum. As at 30 April 2022, approximately 66.2% of the Group's net loan and interest receivables were unsecured. The remaining loan were secured by listed companies shares or guaranteed by guarantors. As at 30 April 2022, the net amount of loan and interest receivables due from the largest borrower was approximately HK\$26.6 million, being approximately 5.5% to the net loan and interest receivables of the Group. The net amount of loan and interest receivables due from the five largest borrowers (in aggregation with loans granted to persons connected with each other) was less than 20% of the net loan and interest receivables of the Group. The five largest borrowers were individuals, all of which were third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). Further details of the loan and interest receivables are set out in note 13 to the consolidated financial statements in this result announcement.

All loans and loan agreements under the Group's money lending business have been granted and approved in accordance with the Money Lending Guidelines ("Guidelines") and the Money Lending Procedure Manual ("Procedure Manual") of Gold Medal. The Guidelines provide the policies to be observed by Gold Medal for its money lending business, and set out the objective for the money lending business is to earn interest income to generate profits for Gold Medal whilst avoiding incurrence of bad debts. The Guidelines also provide references or specific requirements for setting of interest rates of the loan, the tenure of the loan and the credit assessment and approval process of each loan. Each loan application will be considered and approved by the Board on a case by case basis. The Board will usually take into account of the applicant's creditability, reputation, financial status, the value of the security (if any), the applicant's past repayment record with Gold Medal, and the proposed tenure, principal amount and interest rate of the loan to consider whether a loan application will be approved and whether a security/guarantee is needed or adequate for a loan.

The Procedure Manual provides the procedures to be observed by Gold Medal for granting and thereafter monitoring the repayment of the loans. In brief, the intending borrower first fills in an application form or the intending borrower communicates in person with the officer of Gold Medal. The officer will then collect documents from the intending borrower for client identification and verification, and has to confirm/enquire if the borrower is a connected person of the Group (as defined in the GEM Listing Rules). The application form will then be reviewed and/or approved by any one director of Gold Medal. The senior management will draft the loan documents in accordance with the terms specified in the approved application form. The responsible officer of the loan application will prepare the Memorandum for Credit Analysis ("Memorandum") which contains the proposed terms of the loan application, the background information of the borrower and the analysis of the credit risks and security. The draft loan documents together with the Memorandum will be passed to the Board for final approval. Based on the information in the Memorandum, the Board makes a conclusion on the credit risk assessment of the customer. Once the loan is approved and granted, the responsible officer has to report the status of the loan repayment monthly and immediately report to the Directors if any default repayment is noted. Generally, if the debt is overdue, Gold Medal will issue reminder letter to the customer and if the debt is overdue for 6 months, Gold Medal will consider to take legal action.

## **Securities Investment Business**

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

The Group recorded a net loss of approximately HK\$4.2 million (Last Year: net gain of approximately HK\$17.6 million) for its investment portfolio for the Year, which was mainly due to the volatility of the stock market in Hong Kong. The Group foresees that the global economy will be getting better in year 2022/2023 as a result of the vaccine coming out for COVID-19 pandemic. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

## **Assets Management Business**

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited ("Blue Pool"), the holding company of Mass Fidelity Asset Management Limited ("Mass Fidelity"), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Year, the assets management business recorded a turnover of approximately HK\$2.0 million (Last Year: HK\$1.8 million).

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

Our business operations and financial conditions are affected by the outbreak of COVID-19 during the Year. 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:**

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

The Group has awarded a total of 13 new construction contracts during the Year (Last Year: 28 new construction contracts). Although less new construction contracts were awarded during the Year, the revenue from this segment increased by approximately 43.7 million as compared with Last Year, which was due to the Group has awarded the new construction contracts with higher contract price in FY2022 as compared with Last Year.



## **Money Lending:**

Under the ongoing economic impacts of COVID-19, in order to lower default ratio of the loan borrowing, Gold Medal has reviewed and flexibly adjusted the business strategies, which is to enhance the requirements of the loan granted to the borrowers. For example, the borrowers have to provide the asset proof or income proof to prove they have the ability to repay the loan. As the requirements of the loan granted to the borrowers are higher and the risk for the loan borrowings are lower, the related interest rate will become lower. Hence, our money lending business recorded a decrease in revenue during the Year. Due to difficulties in repayment by customers caused by the economic impacts of COVID-19, there was a recognition of net impairment losses arising from expected credit losses and write-off on loan and interest receivables in the amount of approximately HK\$41.8 million (Last Year: approximately HK\$54.4 million) and approximately HK\$11.1 million (Last Year: approximately HK\$6.2 million) respectively for the Year. Despite such difficulties, the Group will continue putting efforts in the collection procedure of loan receivables. 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 2021/2022, the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong during the Year 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 other hand, the costs have become high together with rising labour costs, but productivity has suffered decline. In the face of a phenomenon of ageing workers, young generation unwilling to join the industry due to hard labour work and higher requirement of technological qualifications, which has affected recruitment of talents in the industry, and with heavier government regulations, without favourable factors such as labour imports, the carrying capacity of the industry may be challenged. These reflect a lack of confidence in the prospect of the scaffolding industry.

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

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

After a few years of serious efforts to develop its money lending operations, the money lending business has generated stable income for the Year. Despite difficulties in repayment by customers during the Year, the Group will continue putting efforts in the collection procedure of loans receivable. The Group’s Guidelines and Procedure Manual for the money lending business were issued with an aim to comply with the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and other relevant laws and the licensing conditions and guidelines and other publications as issued by the Companies Registry from time to time. The Group will continue to update the Guidelines and Procedure Manual to ensure stricter compliance with the aforementioned.

Looking ahead to 2022/2023, in view of present economic uncertainty and difficulties, the Group is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance our competitiveness, the Group will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, the Group will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. The Group will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for shareholders.

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

## **FINANCIAL REVIEW AND ANALYSIS**

During the Year, the Group recorded a turnover of approximately HK\$191.0 million (Last Year: approximately HK\$150.2 million), representing an increase of approximately 27.2% as compared with Last Year. The Company recorded a net loss attributable to its owners from continuing operations of approximately HK\$10.8 million for the Year (Last Year: approximately HK\$13.8 million). The significant decrease in net loss was mainly due to the increase in the gain on disposal of subsidiaries of approximately HK\$22.2 million against with the increase in the other losses of approximately HK\$11.9 million and the increase in the operating and administrative expenses of approximately HK\$7.2 million.

The increase in turnover was mainly due to the revenue increased in generated from the segments of scaffolding, fitting out and other auxiliary services for construction and buildings work during the Year.

For the Year, gross profit of the Group slightly decreased by approximately 0.02% to approximately HK\$72.0 million as compared with Last Year (Last Year: approximately HK\$72.0 million) and gross profit margin decreased to approximately 37.7% (Last Year: approximately 48.0%). Gross profit margin of the Group decreased which was mainly due to the significant increase in the cost of sales as the increase of material and manpower costs under construction operations during the Year.

During the Year, the operating and administrative expenses increased from approximately HK\$42.7 million in the Last Year to approximately HK\$49.8 million due to the increase in staff costs during the Year. Finance costs decreased by approximately HK\$1.7 million compared with Last Year (Last Year: approximately HK\$9.8 million) which was mainly due to the significant decrease in the bank borrowings during the Year. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

As at 30 April 2022, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$509.6 million (30 April 2021: approximately HK\$521.4 million), approximately HK\$437.2 million (30 April 2021: approximately HK\$416.6 million), approximately HK\$242.3 million (30 April 2021: approximately HK\$214.9 million) and approximately HK\$703.4 million (30 April 2021: approximately HK\$711.1 million) respectively.

As at 30 April 2022, the Group's bank borrowings and bank overdrafts were approximately HK\$8.6 million (30 April 2021: approximately HK\$47.9 million) and approximately HK\$10.9 million (30 April 2021: approximately HK\$21.8 million) respectively. As at 30 April 2022, the Group's other loan and other borrowings was HK\$119.5 million (30 April 2021: HK\$80.0 million). The lease liabilities was approximately HK\$4.2 million (30 April 2021: HK\$4.1 million). As at 30 April 2022, other loan and other borrowings included (i) 2-year 6.5% coupon bond of HK\$20 million issued by the Company, on 3 June 2021; (ii) 2-year 11% coupon bond of HK\$5 million issued by the Company, on 18 August 2021; (iii) 2-year 6.5% coupon bond of HK\$5 million issued by the Company, on 18 August 2021; (iv) 2-year 6.5% coupon bond of HK\$3 million issued by the Company, on 23 March 2022; (v) 5-year 6.5% coupon bond of HK\$5.8 million issued by the Company, on 27 April 2022; (vi) 5-year 8% coupon bond of HK\$42 million issued by Gold Medal, on 31 October 2020 and renewed on 1 February 2022 with 6.5% coupon rate; (vii) 3-year 8.5% coupon unlisted straight bond of HK\$20 million issued by Gold Medal, on 28 October 2019 and renewed on 1 February 2022 with 6.5% coupon rate; and (viii) the surety bond of HK\$18 million was issued by Gold Medal on 16 September 2020 was with no interest bearing.

As at 30 April 2022, the Group's bank balances and cash in general accounts amounted to approximately HK\$36.2 million (30 April 2021: approximately HK\$44.1 million). As at 30 April 2022, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 26.7% (30 April 2021: approximately 28.8%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other loan and other borrowings and lease liabilities.

As at 30 April 2022, most of the Group's bank balances and cash, bank borrowings, bank overdrafts and other borrowings were denominated in Hong Kong dollars. All the bank borrowings and bank overdrafts bore interest at variable market rates ranging from 1.11% to 2.95% per annum (2021: 1.64% to 5.25% per annum) and were repayable on demand or within one year. The lease liabilities had an average lease term ranging from one to three years (30 April 2021: one to three years) and all such leases had interest rates fixed at the contract date and fixed repayment bases.

## **IMPAIRMENT ASSESSMENT OF LOAN AND INTEREST RECEIVABLES AS AT 30 APRIL 2022**

The Directors assessed the provision for impairment of loan and interest receivables based on the estimation of expected credit loss (“ECL”) under a “three-stage” model. In developing the loss allowance of loan and interest receivables, the Directors use judgement in making the assumptions about the probability of default and loss given default with reference to the historical delinquency ratio of loans portfolio, repayment record, collateral values and current and forward-looking information on macroeconomic factors. The impairment assessment was also supported by the assessment made by the external professional valuer.

As at 30 April 2022, the Group’s net loan and interest receivables amounted to approximately HK\$486.3 million (2021: approximately HK\$472.2 million). Allowance for credit losses of loan and interest receivables under the ECL model amounted to approximately HK\$155.5 million (2021: approximately HK\$126.2 million) and net impairment loss arising from ECL amounted to approximately HK\$41.8 million (2021: approximately HK\$54.4 million). The increase in the loss allowance for loan and interest receivables was principally due to (i) the loan and interest receivables from a debtor with gross carrying amount of approximately HK\$23,450,000 had been defaulted and transferred to credit-impaired in full as at 30 April 2022 and (ii) the new loan and interest receivables with a gross carrying amount of HK\$12,568,000 had been credit-impaired.

Loan and interest receivables with gross carrying amount of approximately HK\$11.1 million has been written off in full as at 30 April 2022. Such amount is mainly comprised of the loan and interest receivables of a debtor which the Group has commenced bankruptcy proceedings against such debtor after default in repayment and the court has made a bankruptcy order against the debtor in December 2021. As at the date of this announcement, the legal procedure to recover the loan was still in process. Impairment was applied to loan and interest receivables where events or changes in circumstances indicate that the balances were not collectible. The Directors became aware that the balances were not collectible when (i) they were notified by the responsible officer of Gold Medal who was under a duty to report to the Directors whenever there was any default repayment of a loan; and (ii) reviewing the results of the assessment of the credit risk of accounts and loan and interest receivables; the Group has a policy for assessing the credit risk of accounts and loan and interest receivables, and the assessment was based on a close monitoring and evaluation of collectability and on management’s judgement, including the ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, etc..

### **Estimation of recoverability of loan and interest receivables**

The Group assesses provision for impairment of loan and interest receivables based on an estimate of the recoverability of these receivables. Provisions are applied to loan and interest receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of loan and interest receivables under HKFRS 9 requires the use of estimates and judgement. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed. The Group uses judgement in making assumptions and selecting the inputs to its ECL calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## Credit risk and impairment assessment

The impairment losses recognised for the year ended 30 April 2022 is the sum of the impairment loss from impairment assessment on principal and interest calculated respectively as follows:

### *Impairment assessment on principal*

Outstanding amount of principal as at 30 April 2022 x probability of default x loss given default x forward looking factor

### *Impairment assessment on interest:*

Outstanding amount of interest as at 30 April 2022 x probability of default x loss given default x forward looking factor

- (1) The probability of default of each loan is determined based on the internal scoring system from the management, to assess credit risk of borrowers. To adopt a scoring system in the valuation of loan and interest receivables, 5 areas of borrowers' characteristics are used to assess the creditworthiness, namely overdue amount, length of interest and/or principal overdue, length of principal borrowed, change in interest rate and number of extensions.
- (2) The loss given default of each loan represents the percentage of the loan expected to be defaulted in the future, taking into account of the market value of any security/guarantee provided for the relevant loan.
- (3) The forward looking factor for borrowers from Hong Kong and the Mainland China is adjusted by the parameters on macro-economic factors adopted in the valuation with reference to the calculation by an independent valuer for the impairment assessment under ECL model of loans receivable for the year ended 30 April 2022.

## **SHARE CAPITAL**

The Company did not issue any shares or debentures during the Year.

## **FINAL DIVIDEND**

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

## **SEGMENT INFORMATION**

### **Operating segments**

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

### **Geographical segments**

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

## **DISPOSAL OF SUBSIDIARIES**

On 8 February 2021, WLS (BVI) Limited (“WLS (BVI)”), a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement (“S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”), pursuant to which the WLS (BVI) conditionally agreed to sell and assign the benefit of, 100,000 ordinary shares in the issued and fully paid-up share capital of Wui Loong Holdings Company Limited (“Wui Loong Holdings”), a wholly-owned subsidiary of WLS (BVI), (the “Sale Shares”), and the Buyer agreed to purchase and take the assignment of, the Sale Shares at the Consideration of approximately HK\$75.9 million.

As the Buyer is ultimately beneficially owned by Mr. So Yu Shing, the chairman of the Board and an executive Director, and Ms. Lai Yuen Mei, Rebecca, an executive Director, the Buyer is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The S&P Agreement was in effect to dispose of the property of all those 11,438 equal undivided 750,000th shares of Aberdeen Inland Lot No. 423, including 11 office units on the 10th floor of Southmark, No.11 Yip Hing Street, Wong Chuk Hang, Hong Kong held by the Wui Loong Holdings (“the Property”) through the disposal of the Sale Shares.

The special general meeting of the Company was held on 23 April 2021 and the Disposal has been completed on 31 May 2021. Details of the transaction are set out in the announcements and circular of the Company dated 8 February 2021, 31 March 2021 and 31 May 2021. After completion of the Disposal, Wui Loong Holdings has ceased to be a subsidiary of WLS (BVI).

On 29 April 2022, the Company has entered into a sales and purchase agreement with an independent third party (the “Purchaser”), of the Group, to dispose of its wholly-owned subsidiary, Up Billion Limited (“Up Billion”). Through this disposal, Sense Key Design Holdings Limited, 51% directly held subsidiary by Up Billion (collectively referred to as the “Disposal Group”) were also disposed accordingly.

The Disposal Group carried out the provision of fitting out business in Hong Kong.

- Considered that the Disposal Group recorded losses for the past five years and its financial performance had not been meeting the management’s expectation. For the purpose of streamline the Group’s structure, the Company decided to dispose 100% shares of Up Billion to Purchaser with the consideration of US\$100. The directors believed that the disposal of the Disposal Group would be more beneficial to the Group as a whole;
- The disposal was completed on 29 April 2022, on which date control of the Disposal Group was passed to the Purchaser.

Save as disclosed above, the Group did not have disposal of subsidiaries during the Year.

## **INVESTMENTS**

As at 30 April 2022, the equity instruments at fair value through other comprehensive income (“FVTOCI”) of the Group amounted to approximately HK\$3.4 million, representing approximately 0.5% of the Group’s audited total assets as at 30 April 2022 and financial assets at fair value through profit or loss (“FVTPL”) of the Group amounted to approximately HK\$72.0 million representing approximately 10.2% of the Group’s total assets as at 30 April 2022.

These investments mainly include equity securities of 34 companies listed in Hong Kong. None of these investments in the portfolio at FVTOCI and FVTPL has a value of 5% or more of the Group’s audited total assets as at 30 April 2022.

The Directors expect that the upward trend of the stock market in Hong Kong would be continued in 2022 and 2023 which may motivate the performance of the Group’s securities investments. Looking forward, the Board believes that the performance of the securities investments of the Group will also be dependent on the financial and operating performance of investee companies and market sentiment which are affected by factors such as interest rate movements, the political unrest in Hong Kong, the outbreak of COVID-19 and performance of the macro economy. In order to mitigate the associated risk, the Group will continuously remain cautious in the allocation of resources and the identification and capture of appropriate securities investment opportunities. It will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in the market.

## PLEDGE OF ASSETS

As at 30 April 2022, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>3,021</b>	15,054
Contract assets	<b>41</b>	813
Assets classified as held for sale		
– Investment properties	–	44,400
– Leasehold land and buildings	–	5,981

In addition, the Group's Right-of-use assets of motor vehicles for the amount of HK\$2,168,000 (30 April 2021: HK\$995,000) are secured by the lessor's charge over the right-of-use assets.

## TREASURY POLICY

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

## FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars. The Group did not use any financial instrument for hedging purpose during the Year, and did not have any outstanding hedging instrument as at 30 April 2022. When appropriate, for example at times when interest rate or exchange rate are uncertain or volatile, the Group will consider the use of hedging instruments including interest rate swap and foreign currency forward contract to manage the Group's exposures to interest rate and foreign exchange rate fluctuations.



## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

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

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

### **(c) Competition**

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

**(d) Financial**

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

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

**(e) Technology**

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

**(f) Employees**

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

**CONTINGENT LIABILITIES**

At 30 April 2022, the Group did not have any material contingent liabilities (30 April 2021: nil).

**EMPLOYEES AND REMUNERATION POLICIES**

As at 30 April 2022, the total number of full-time employees of the Group was 84 (30 April 2021: 81). Total staff costs (including Directors' emoluments) amounted to approximately HK\$44.9 million for the Year (Last Year: approximately HK\$40.1 million). Employees were remunerated according to their performance and working experience during the Year. In addition to basic salaries and contribution to the mandatory provident fund scheme, staff benefits include performance bonus, medical scheme, share options and training.

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

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

## **EVENT AFTER REPORTING PERIOD**

There is no important event affecting the Group which have occurred since 30 April 2022.

## **AUDIT COMMITTEE**

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

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

Four Audit Committee meetings were held during the Year.

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

## **ANNUAL RESULTS ANNOUNCEMENT**

D & PARTNERS CPA LIMITED has reported on the consolidated financial statements of the Company for the years ended 30 April 2021 and 30 April 2022.

The figures set out in this preliminary announcement of the Group's results for the year ended 30 April 2022 have been agreed by the Company's auditors, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's consolidated financial statements for the year ended 30 April 2022. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on this preliminary announcement.

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

Hong Kong, 28 July 2022

*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 collectively and individually accept full responsibility, includes particulars given in compliance with the 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 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 “Latest Listed Company Information” page of the HKEx website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the website of the Company at [www.wls.com.hk](http://www.wls.com.hk).*