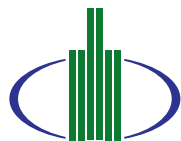


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WLS Holdings Limited
滙隆控股有限公司*

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

(Stock Code: 8021)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 JULY 2023**

The board of directors of WLS Holdings Limited (the “**Company**” and the “**Directors**”, respectively) announces the unaudited condensed consolidated financial results of the Company and its subsidiaries for the three months ended 31 July 2023. This announcement, containing the full text of the 2023/24 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of first quarterly results. The printed version of the Company’s 2023/24 first quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.wls.com.hk in due course in the manner as required by the GEM Listing Rules.

On behalf of the Board
WLS Holdings Limited
So Wang Chun, Edmond
Executive Director

Hong Kong, 13 September 2023

* *For identification purpose only*

As at the date of this announcement, the Board comprises Mr. So Wang Chun, Edmond (Executive Director), Mr. Yang Haijia (Executive Director), Ms. Wang Lili (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Ms. Lam Wai Yu (Independent Non-executive Director) and Mr. Lo Ka Ki (Independent Non-executive Director).

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

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

CHARACTERISTICS OF THE 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.

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

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

RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2023

The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 July 2023 together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 July	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	3	25,352	43,265
Cost of sales		<u>(11,684)</u>	<u>(27,590)</u>
Gross profit		13,668	15,675
Other income	4	762	1,682
Other gains and (losses)	5	(2,734)	(12,726)
Operating and administrative expenses		(4,559)	(7,579)
Loss on disposal of property, plant and equipment		–	7
Finance costs	6	<u>(1,663)</u>	<u>(1,862)</u>
Gain (loss) before taxation		5,474	(4,803)
Taxation	7	<u>(836)</u>	<u>(629)</u>
Profit (loss) for the period from continuing operations		<u>4,638</u>	<u>(5,432)</u>
Discontinued operation			
(Loss) for the period from discontinued operation	9	<u>–</u>	<u>(369)</u>
Profit (loss) for the period		<u>4,638</u>	<u>(5,801)</u>
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations		4,638	(5,432)
– from discontinued operation		<u>–</u>	<u>(369)</u>
		4,638	(5,801)
Profit (loss) for the period attributable to non-controlling interests:			
– from continuing operations		<u>–</u>	<u>–</u>
		<u>4,638</u>	<u>(5,801)</u>
From continuing and discontinued operations			
Profit (loss) per share – basic and diluted	8	<u>HK\$0.032</u>	<u>HK\$(0.040)</u>
From continuing operations			
Profit (loss) per share – basic and diluted	8	<u>HK\$0.032</u>	<u>HK\$(0.038)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 July	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period	4,638	(5,801)
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")	(178)	(806)
Disposal of equity instruments at FVTOCI	<u> -</u>	<u> -</u>
Other comprehensive (expense) income for the period, net of taxation	<u>(178)</u>	<u>(806)</u>
Total comprehensive income (expense) for the period	<u>4,460</u>	<u>(6,607)</u>
Total comprehensive income (expense) for the period attributable to		
– Owners of the Company	4,460	(6,607)
– Non-controlling interests	<u> -</u>	<u> -</u>
	<u>4,460</u>	<u>(6,607)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 July 2023

	Attributable to the owners of the Company								
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Contributed surplus <i>HKS'000</i> <i>(Note a)</i>	Merger reserve <i>HKS'000</i> <i>(Note b)</i>	FVTOCI reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 May 2022 (Audited)	143,670	560,230	191,087	2,222	(37,838)	(349,733)	509,638	(7,093)	502,545
(Loss) for the period	-	-	-	-	-	(5,801)	(5,801)	-	(5,801)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	(806)	-	(806)	-	(806)
Total comprehensive (expense)/income for the period	-	-	-	-	(806)	(5,801)	(6,607)	-	(6,607)
At 31 July 2022 (Unaudited)	143,670	560,230	191,087	2,222	(38,644)	(355,534)	503,031	(7,093)	495,938

	Attributable to the owners of the Company								
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Contributed surplus <i>HKS'000</i> <i>(Note a)</i>	Merger reserve <i>HKS'000</i> <i>(Note b)</i>	FVTOCI reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 May 2023 (Audited)	143,670	560,230	191,087	2,222	(38,985)	(462,117)	396,107	-	396,107
Profit for the period	-	-	-	-	-	4,638	4,638	-	4,638
Fair value loss on equity instruments at FVTOCI	-	-	-	-	(178)	-	(178)	-	(178)
Total comprehensive (expense)/income for the period	-	-	-	-	(178)	4,638	4,460	-	4,460
At 31 July 2023 (Unaudited)	143,670	560,230	191,087	2,222	(39,163)	(457,479)	400,567	-	400,567

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.

Notes:

1. General information

The Company is incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on the GEM of The Stock Exchange. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 11, Bermuda. The head office and the principal place of business of the Company in Hong Kong is located at Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

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

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

2. Basis of preparation of the financial statements

Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The unaudited quarterly financial statements should be read in conjunction with the annual report for the year ended 30 April 2023.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 April 2023. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. Revenue

	Three months ended 31 July	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from contracts with customers from continuing operations:		
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and buildings work	12,551	30,239
Revenue from other sources:		
Loan interest income	12,801	13,026
Total revenue from continuing operations	25,352	43,265

Three months ended 31 July	
2023	2022
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Timing of revenue recognition:

Over time	<u>12,551</u>	<u>30,239</u>
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Revenue from contracts with customers from discontinued operation of asset management business is nil (July 2022: HK\$176,000) are recognised at overtime.

4. Other Income

Three months ended 31 July	
2023	2022
HK\$'000	HK\$'000
(Unaudited)	(Unaudited) (Restated)

Sundry income	747	147
Government subsidiary	–	1,525
Interest income	13	6
Foreign exchange gains, net	<u>2</u>	<u>4</u>
	<u>762</u>	<u>1,682</u>

Other income from discontinued operation of asset management business is nil (July 2022: HK\$284,000) are recognised.

5. Other gains and (losses)

Three months ended 31 July	
2023	2022
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Fair value loss on financial assets at FVTPL, net	(3,042)	(4,178)
Gain (Loss) on disposal of financial assets at FVTPL	308	(2,948)
Write-off of trade receivables	<u>–</u>	<u>(5,600)</u>
	<u>(2,734)</u>	<u>(12,726)</u>

6. Finance costs

Three months ended 31 July	
2023	2022
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Interest on bank borrowings and bank overdrafts	–	81
Interest on other loan and other borrowings	1,645	1,727
Interest on lease liabilities	<u>18</u>	<u>54</u>
	<u>1,663</u>	<u>1,862</u>

7. Taxation

	Three months ended 31 July	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Taxation comprises:		
Hong Kong Profits Tax		
Current period charged	<u>836</u>	<u>629</u>

8. Earnings (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:

	2023	2022
	HK\$'000	HK\$'000
Profit (loss) for the period attributable to owners of the Company, for the purpose of basic and diluted earnings (loss) per share	<u>4,638</u>	<u>(5,801)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>14,367,101,072</u>	<u>14,367,101,072</u>

No diluted earnings (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 earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2023	2022
	HK\$'000	HK\$'000
Earnings (loss) for the period from continuing operations	<u>4,638</u>	<u>(5,432)</u>

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

(c) From discontinued operation

For the period end 31 July 2023, basic earnings (loss) per share from discontinued operation was nil per share (2022: basic loss of HK\$0.003 cents per share), which were calculated based on the (loss) from discontinued operation for the period of HK\$nil (2022: loss of HK\$369,000) and the denominators detailed above.

9. Discontinued Operation

On 8 August 2022, the Company as vendor entered into a sale and purchase agreement (the “S&P Agreement”) with Draco International Investment (Holding) Limited, Mass Fidelity Consulting Limited and Suncorp Investment Holdings Limited (the “Buyer”) as purchaser, being independent third parties 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 assets management business (the “Disposal”), for a consideration of HK\$530,000. 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 three months ended 31 July from discontinued operation is set out below:

	2023 HK\$'000	2022 HK\$'000
Revenue	–	176
Cost of sales	–	(59)
Other income	–	284
Operating and administrative expenses	–	(750)
(Gain) loss on disposal of property, plant and equipment	–	(20)
	<hr/>	<hr/>
Loss for the period from discontinued operation	–	(369)
	<hr/> <hr/>	<hr/> <hr/>

10. Dividend

The Board does not recommend the payment of any dividend for ordinary shareholder of the Company for the three months ended 31 July 2023, nor has any dividend been proposed since the period ended 31 July 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 31 July 2023 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$25.4 million (For the same period of 2022: HK\$43.3 million), representing a decrease of approximately 41.3% compared to the corresponding period in 2022. The decrease in revenue was mainly due to the decrease in contract revenue generated from scaffolding, fitting out and other auxiliary services for construction and buildings work during the Reporting Period. Net profit attributable to owners of the Company during the Reporting Period was approximately HK\$4.6 million (For the same period of net loss attributable to owners of the Company in 2022: HK\$5.8 million). The improvement in the Group’s performance was mainly attributable to i) the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.1 million; ii) the decrease in write-off of trade receivable of approximately HK\$5.6 million and iii) gain on disposal of financial assets at fair value through profit or loss of approximately HK\$0.3 million (31 July 2022: loss in fair value of approximately HK\$2.9 million) the three months ended 31 July 2023 as compared with corresponding period in 2022.

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

The scaffolding, fitting out and other auxiliary services for construction and buildings work was the largest business segment during the Reporting Period. This segment includes scaffolding services, fitting out services and other auxiliary services for construction and buildings work. During the Reporting Period, revenue from this segment was approximately HK\$12.6 million, representing a significant decrease of approximately HK\$17.6 million as compared to the corresponding period in 2022, due to the number of completed projects was increased and the number of new awarded contracts was decreased in last year.

Scaffolding Services

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

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

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Reporting Period, the Group provided scaffolding services to 14 ongoing projects, 26 of which were completed on schedule and no new contracts were awarded.

Fitting out Services

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

Other Auxiliary Services for Construction and Buildings Work

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

Money Lending Business

The Group 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 Group recorded a slightly decrease of the revenue in this segment during the Reporting Period.

The business segment recorded a slightly decrease of revenue to the Group and the Group recorded a turnover of approximately HK\$12.8 million during the Reporting Period (For the same period of 2022: approximately HK\$13.0 million). The principal amount of the loans granted ranged from HK\$0.1 million to HK\$25.0 million with interest rates ranging from 7.0% to 40.6% per annum during the Reporting Period.

Securities Investment Business

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

The Group recorded a net fair value loss of approximately HK\$3.0 million (For the same period of 2022: net fair value loss of approximately HK\$4.2 million) and net gain on disposal of approximately HK\$0.3 million (For the same period of 2022: net loss on disposal of approximately HK\$2.9 million) for its investment portfolio during the Reporting Period. 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.

On 8 August 2022, the Company as vendor entered into a sale and purchase agreement (the “S&P Agreement”) with Draco International Investment (Holding) Limited, Mass Fidelity Consulting Limited and Suncorp Investment Holdings Limited (the “Buyer”) as purchaser, being independent third parties 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 assets management business.

During the Reporting Period, the assets management business recorded no turnover (For the same period of 2022: approximately HK\$176,000).

Business Outlook

In the past decade, the scaffolding industry has become increasingly competitive. Furthermore, the costs have become higher together with rising labour costs and productivity has suffered decline as well. In the face of a phenomenon of ageing workers, young generation unwilling to join the industry due to hard labour work and higher requirement of technological qualifications, which has affected recruitment of talents in the industry, and with heavier government regulations, without favourable factors such as labour imports, the carrying capacity of the industry may be challenged. These reflect a lack of confidence in the prospect of the scaffolding industry.

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

Looking ahead to the second half of 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

During the Reporting Period, revenue decreased by approximately 41.4% as compared with the corresponding period in 2022. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses decreased from approximately HK\$7.6 million to approximately HK\$4.6 million as compared to the corresponding period in 2022 which was mainly due to the decrease in staff costs and depreciation. Finance costs decreased from approximately HK\$1.9 million to approximately HK\$1.7 million.

Capital Structure

As at 31 July 2023, the Group had shareholders' equity of approximately HK\$400.6 million (30 April 2023: approximately HK\$396.1 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

The Group did not have material acquisitions or disposals of subsidiaries or associates during the three months ended 31 July 2023.

EVENT AFTER REPORTING PERIOD

There is no important event affecting the Group which have occurred since 31 July 2023.

Share option scheme

Under the terms of the share option scheme adopted by the Company on 22 October 2021 (the "2021 Option Scheme"), the Board may, at its absolute discretion, offer full time or part time employees of the Company or any of its subsidiaries (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any agents, consultants and advisers who have contributed or may contribute to the Group, to take up options to subscribe for shares of the Company, as incentives or rewards for their contribution to the growth of the Group. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Option Scheme and any other share option schemes of the Company must not, exceed 30% of the issued share capital of the Company from time to time. The life of the 2021 Option Scheme was effective until 21 October 2031.

The maximum number of shares issued and to be issued on the exercise of options granted under the 2021 Option Scheme or any other share option schemes of the Company and its subsidiaries (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% (or 0.1% in case of a connected person (as defined under the GEM Listing Rules) grantee) of the total issued share capital of the Company in issue, unless separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting, and the number and terms (including the subscription price) of the options to be granted to such person must be fixed before the shareholders' approval. A nonrefundable nominal consideration of HK\$10 is payable on acceptance of each grant.

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

An option may be exercised in whole or in part in accordance with the terms of the 2021 Option Scheme at any time during a period to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the offer of the grant of the options is made in accordance with the terms of the 2021 Option Scheme. There is no general requirement on the minimum period for which an option must be held or performance target must be achieved before an option can be exercised under the terms of the 2021 Option Scheme.

As at 31 July 2023, there was no options granted, exercised, cancelled, lapsed or outstanding.

Pre-emptive rights

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

Management contract

No other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the three months ended 31 July 2023.

Directors' interests in contracts of significance

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the three-month period or at any time during the three months ended 31 July 2023.

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

As at 31 July 2023, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company as at 31 July 2023
Mr. So Wang Chun, Edmond	Beneficial owner	800,000	0.01%

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 31 July 2023.

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

As at 31 July 2023, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

During the three months ended 31 July 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 July 2023, the Company had followed a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

During the reporting period, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the GEM Listing Rules except the following deviations:

Pursuant to the code provision C.2.1, the roles of Chairman (the "Chairman") and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing. The Group currently has no Chairman and CEO. The daily operation and management of the Group is monitored by executive Directors. The Board is of the view that although there is no chairman and chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

AUDIT COMMITTEE

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

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

The Group’s unaudited condensed consolidated first quarterly results for the three months ended 31 July 2023 have not been audited by the Company’s auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

On behalf of the Board
So Wang Chun, Edmond
Executive Director

Hong Kong, 13 September 2023

As at the date of this report, the Board comprises Mr. So Wang Chun, Edmond (Executive Director), Mr. Yang Haijia (Executive Director), Ms. Wang Lili (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).