



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 2024**

**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" or "WLS") 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 2024, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 April 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	3	82,405	145,960
Cost of sales		<u>(31,665)</u>	<u>(98,112)</u>
Gross profit		50,740	47,848
Other income	5	326	3,384
Other losses, net	6	(5,227)	(25,217)
Impairment losses recognised under expected credit loss (“ECL”) model	7	(24,409)	(92,865)
Operating and administrative expenses		(18,271)	(27,440)
Gain on disposal of property, plant and equipment		188	15
Impairment loss of property, plant and equipment and right-of-use assets		–	(4,500)
Gain on disposal of subsidiaries		–	115
Finance costs	8	<u>(8,588)</u>	<u>(7,147)</u>
Loss before tax		(5,241)	(105,807)
Income tax (expense)/credit	9	<u>(5,906)</u>	<u>487</u>
Loss for the year from continuing operations		<u>(11,147)</u>	<u>(105,320)</u>
Discontinued operation			
Profit for the year from discontinued operation	11	<u>–</u>	<u>29</u>
Loss for the year	10	<u><u>(11,147)</u></u>	<u><u>(105,291)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 30 April 2024*

	<i>NOTES</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company:			
– from continuing operations		(11,147)	(112,413)
– from discontinued operation		<u>–</u>	<u>29</u>
		(11,147)	(112,384)
(Loss)/profit for the year attributable to non-controlling interests:			
– from continuing operations		<u>–</u>	<u>7,093</u>
		<u>(11,147)</u>	<u>(105,291)</u>
From continuing and discontinued operations			
Loss per share – basic and diluted	<i>13</i>	(HK\$(0.078) cent)	(HK\$(0.782) cent)
From continuing operations			
Loss per share – basic and diluted	<i>13</i>	<u>(HK\$(0.078) cent)</u>	<u>(HK\$(0.782) cent)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	(11,147)	(105,291)
Other comprehensive expense:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(1,083)</u>	<u>(1,147)</u>
Other comprehensive expense for the year, net of tax	<u>(1,083)</u>	<u>(1,147)</u>
Total comprehensive expense for the year	<u>(12,230)</u>	<u>(106,438)</u>
Total comprehensive (expense)/income for the year attributable to owners of the Company:		
– from continuing operations	(12,230)	(113,560)
– from discontinued operation	<u>–</u>	<u>29</u>
	(12,230)	(113,531)
Total comprehensive (expense)/income attributable to non-controlling interests:		
– from continuing operations	<u>–</u>	<u>7,093</u>
	<u>(12,230)</u>	<u>(106,438)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		3,620	4,880
Right-of-use assets		291	–
Interests in a joint venture		–	–
Equity instruments at FVTOCI		1,142	2,225
Loan and interest receivables	14	241,905	26,327
Prepayments, deposits and other receivables		1,144	1,111
Deferred tax assets		–	6,527
		<u>248,102</u>	<u>41,070</u>
Current assets			
Loan and interest receivables	14	214,257	418,061
Prepayments, deposits and other receivables		10,935	8,541
Trade receivables	15	34,601	33,571
Contract assets		7,663	10,100
Inventories		343	477
Financial assets at fair value through profit or loss (“FVTPL”)		47,661	45,271
Bank balances and cash		18,480	18,514
		<u>333,940</u>	<u>534,535</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 April 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Current liabilities			
Trade and other payables	16	40,913	34,975
Contract liabilities		2,847	13,373
Lease liabilities	17	663	1,027
Retention monies payables		3,822	3,999
Provision for onerous contracts		100	140
Other borrowings	18	148,348	120,563
Tax payable		669	816
		<u>197,362</u>	<u>174,893</u>
Net current assets		<u>136,578</u>	<u>359,642</u>
Total assets less current liabilities		<u>384,680</u>	<u>400,712</u>
Non-current liabilities			
Lease liabilities	17	244	595
Other borrowings	18	100	3,316
Deferred tax liabilities		459	694
		<u>803</u>	<u>4,605</u>
Net assets		<u>383,877</u>	<u>396,107</u>
Capital and reserves			
Share capital		143,670	143,670
Reserves		240,207	252,437
		<u>383,877</u>	<u>396,107</u>
Equity attributable to the owners of the Company		<u>383,877</u>	<u>396,107</u>
Non-controlling interests		<u>–</u>	<u>–</u>
Total equity		<u>383,877</u>	<u>396,107</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2024

	Attributable to the owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Merger reserve HK\$'000 (Note b)	FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 May 2023	143,670	560,230	191,087	2,222	(38,985)	(462,117)	396,107	-	396,107
Loss for the year	-	-	-	-	-	(11,147)	(11,147)	-	(11,147)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	(1,083)	-	(1,083)	-	(1,083)
Total comprehensive expense for the year	-	-	-	-	(1,083)	(11,147)	(12,230)	-	(12,230)
At 30 April 2024	143,670	560,230	191,087	2,222	(40,068)	(473,264)	383,877	-	383,877

	Attributable to the owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Merger reserve HK\$'000 (Note b)	FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 May 2022	143,670	560,230	191,087	2,222	(37,838)	(349,733)	509,638	(7,093)	502,545
(Loss)/profit for the year	-	-	-	-	-	(112,384)	(112,384)	7,093	(105,291)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	(1,147)	-	(1,147)	-	(1,147)
Total comprehensive (expense)/income for the year	-	-	-	-	(1,147)	(112,384)	(113,531)	7,093	(106,438)
At 30 April 2023	143,670	560,230	191,087	2,222	(38,985)	(462,117)	396,107	-	396,107

Notes:

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

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 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, 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 securities investment 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”)

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 Group’s annual period beginning on 1 May 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information. HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s major accounting policies set out in this note below.

New and amendments to HKFRSs in issue 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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2025.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

Going concern

In preparing the consolidated financial statements, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group recorded a consolidated loss after tax of approximately HK\$11,147,000 for the year ended 30 April 2024, and it has been noted that other borrowing amounting to HK\$51,000,000 were past due as of 30 April 2024 while the Group’s current cash and bank balances of HK\$18,480,000 are insufficient to settle all the current liabilities due within the next twelve months from the date of approval of the consolidated financial statements. These conditions indicate that a material uncertainty still exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements. In order to ensure the Group’s ability to operate as a going concern, the directors of the Company have implemented measures to deal with the conditions referred to above, as follows:

- (a) the Group will continue to negotiate with bondholders for renewing bond agreements. Based on the latest communications with the bondholders, the directors of the Company are not aware of any intention of the bondholders to require repayment of the loans, and the directors believe that the existing bond agreements will be renewed;
- (b) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group’s capitalisation/equity and to support the continuing growth of the Company;
- (c) the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future; and
- (d) the most important would be how the management collect those past due loan receivable and those current loan receivables would be due within the next twelve months.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group’s assets to their recoverable amounts, to provide for any further liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. REVENUE

For the year ended 30 April 2024

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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	36,812	103,413
Revenue from other sources:		
Loan interest income	45,593	42,547
	<u>82,405</u>	<u>145,960</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition from continuing operations:		
Over time	36,812	103,413

Revenue from contracts with customer from discontinued operation of asset management business of approximately HK\$176,000 were recognised overtime during the year ended 30 April 2023.

(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.

(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:*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations:		
Scaffolding, fitting out and other auxiliary services for construction and buildings work		
Within one year	12,346	45,136
More than one year but not more than two years	5,000	–
	<u>17,346</u>	<u>45,136</u>
Total	<u>17,346</u>	<u>45,136</u>

4. SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the reports, reviewed by the chief operating decision-maker (“CODM”), that are used for resources allocation and assessment of performance focusing specifically on the revenue analysis by principal categories of the Group’s business and the profit of the Group as a whole. For the years ended 30 April 2024 and 2023, the Group has three operating and reportable segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, and (iii) securities investment business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

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 2024

	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>	Total <i>HK\$’000</i>
Continuing operations:				
REVENUE				
External revenue	36,812	45,593	–	82,405
Other losses, net	40	(787)	(4,470)	(5,217)
Net impairment losses reversed (recognised) arising from ECL	628	(24,038)	(999)	(24,409)
Other income	167	–	3	170
Total	<u>37,647</u>	<u>20,768</u>	<u>(5,466)</u>	<u>52,949</u>
Segment result before elimination	(256)	(9,734)	20,729	10,739
Elimination on inter-segment transaction (note)	–	26,350	(26,350)	–
Segment result from external	<u>(256)</u>	<u>16,616</u>	<u>(5,621)</u>	<u>10,739</u>
Gain on disposal of property, plant and equipment				188
Unallocated other losses, net				(10)
Unallocated finance costs				(8,588)
Unallocated corporate income				156
Unallocated corporate expenses				(7,726)
Loss before tax				<u>(5,241)</u>
At 30 April 2024				
ASSETS				
Segment assets	48,351	479,713	43,852	571,916
Unallocated corporate assets				10,126
Consolidated assets				<u>582,042</u>
LIABILITIES				
Segment liabilities	(46,771)	(103,201)	(129)	(150,102)
Unallocated corporate liabilities				(48,063)
Consolidated liabilities				<u>(198,165)</u>

Note: The management fee was charged to the money lending business from the securities investment business which was under negotiated terms.

4. SEGMENT INFORMATION (Continued)

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

For the year ended 30 April 2023

	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>	Total <i>HK\$'000</i>
Continuing operations:				
REVENUE				
External revenue	103,413	42,547	–	145,960
Other losses, net	1,951	(1,502)	(23,109)	(22,660)
Net impairment losses recognised arising from ECL	(5,310)	(87,555)	–	(92,865)
Other income	2,822	5	7	2,834
Total	102,876	(46,505)	(23,102)	33,269
Segment result before elimination	(9,331)	(77,756)	2,839	(84,248)
Elimination on inter-segment transaction (note)	–	26,278	(26,278)	–
Segment result from external	(9,331)	(51,478)	(23,439)	(84,248)
Gain on disposal of subsidiaries				115
Gain on disposal of property, plant and equipment				15
Impairment loss of property, plant and equipment and right-of-use assets				(4,500)
Unallocated finance costs				(7,147)
Unallocated corporate income				550
Unallocated corporate expenses				(10,592)
Loss before tax				(105,807)
At 30 April 2023				
ASSETS				
Segment assets	48,540	459,267	50,420	558,227
Unallocated corporate assets				17,378
Consolidated assets				575,605
LIABILITIES				
Segment liabilities	(52,796)	(80,643)	(67)	(133,506)
Unallocated corporate liabilities				(45,992)
Consolidated liabilities				(179,498)

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 2024 and 2023.

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 gain on disposal of property, plant and equipment, finance costs, unallocated other losses, net 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 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, and certain 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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Major amounts included in the measure of segment results and segment assets from continuing operations:					
For the year ended 30 April 2024					
Capital expenditure	-	-	-	21	21
Depreciation of property, plant and equipment	-	1,280	-	1	1,281
Depreciation of right-of-use assets	-	-	-	81	81
Gain on disposal of property, plant and equipment	188	-	-	-	188
Fair value loss on financial assets at FVTPL, net	-	1,856	4,471	-	6,327

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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Major amounts included in the measure of segment results and segment assets from continuing operations:					
For the year ended 30 April 2023					
Capital expenditure	1,203	-	-	-	1,203
Depreciation of property, plant and equipment	1,478	1,280	-	154	2,912
Depreciation of right-of-use assets	705	-	-	691	1,396
Gain on disposal of property, plant and equipment	15	-	-	-	15
Impairment loss of property, plant and equipment and right-of-use assets	3,670	-	-	830	4,500
Fair value loss on financial assets at FVTPL, net	-	-	23,109	-	23,109

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	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	<u>82,405</u>	<u>157,625</u>	<u>3,620</u>	<u>4,880</u>

4. SEGMENT INFORMATION (Continued)

Information on major customers

During the year ended 30 April 2024, the Group had transactions with three (2023: two) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue earned from scaffolding, fitting out and other auxiliary services for construction and buildings work:		
Customer 1	21,952	43,949
Customer 2	5,065	18,962
Customer 3 (<i>note</i>)	<u>3,840</u>	<u>–</u>

Note: This customer did not contribute over 10% of the total revenue of the Group during the year ended 30 April 2023.

5. OTHER INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sundry income	248	1,300	–	201	248	1,501
Government subsidy (<i>note</i>)	–	2,014	–	105	–	2,119
Interest income	<u>78</u>	<u>70</u>	<u>–</u>	<u>–</u>	<u>78</u>	<u>70</u>
	<u>326</u>	<u>3,384</u>	<u>–</u>	<u>306</u>	<u>326</u>	<u>3,690</u>

Note: During the year ended 30 April 2024, the Group recognised nil (2023: HK\$2,014,000) government grants in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the HKSAR government from continued operations. For the year ended 30 April 2023, the Group recognised government grants of HK\$105,000 from discontinued operation in respect of COVID-19-related subsidiaries which included HK\$65,000 relates to Employment Support Scheme and HK\$40,000 relates to Distance Business Programme provided by the HKSAR government.

6. OTHER LOSSES, NET

	Continuing operations		Discontinued operation		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value loss on financial assets at FVTPL, net	(6,327)	(23,109)	-	-	(6,327)	(23,109)
Gain/(loss) on debt modification	1,070	(1,472)	-	-	1,070	(1,472)
Write down of inventories	-	(466)	-	-	-	(466)
Waive of loan interest income	-	(30)	-	-	-	(30)
Reversal of/(provision for) onerous contracts	40	(140)	-	-	40	(140)
Others	(10)	-	-	-	(10)	-
	<u>(5,227)</u>	<u>(25,217)</u>	<u>-</u>	<u>-</u>	<u>(5,227)</u>	<u>(25,217)</u>

7. IMPAIRMENT LOSSES RECOGNISED UNDER ECL MODEL

	Continuing operations		Discontinued operation		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net impairment losses recognised/(reversed) arising from ECL on:						
- Loan and interest receivables	24,038	84,555	-	-	24,038	84,555
- Trade receivables	(282)	1,399	-	-	(282)	1,399
- Contract assets	(102)	150	-	-	(102)	150
- Other receivables	999	73	-	-	999	73
Write-off of trade receivables	-	1,581	-	-	-	1,581
Write-off of loan and interest receivables	-	3,000	-	-	-	3,000
Write-off of other receivables	-	2,107	-	-	-	2,107
Bad debt recovery on trade receivables	(244)	-	-	-	(244)	-
	<u>24,409</u>	<u>92,865</u>	<u>-</u>	<u>-</u>	<u>24,409</u>	<u>92,865</u>

8. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings and bank overdrafts	-	155	-	-	-	155
Interest on other borrowings	8,535	6,847	-	-	8,535	6,847
Interest on lease liabilities	53	145	-	1	53	146
	<u>8,588</u>	<u>7,147</u>	<u>-</u>	<u>1</u>	<u>8,588</u>	<u>7,148</u>

9. INCOME TAX (EXPENSE)/CREDIT

	Continuing operations		Discontinued operation		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax comprises:						
Hong Kong Profits Tax						
Current year charged	(607)	–	–	–	(607)	–
Deferred tax						
Current year (charged)/credited	(5,299)	487	–	–	(5,299)	487
	<u>(5,906)</u>	<u>487</u>	<u>–</u>	<u>–</u>	<u>(5,906)</u>	<u>487</u>

Hong Kong Profits tax has been provided in the financial statements at the rate of 8.25% on assessable profits up to HK\$2 million; and 16.5% on any part of assessable profits over HK\$2 million on the estimated assessable profits for the year ended 30 April 2024. No provision for Hong Kong Profits tax had been made for 2023 as the Company incurred tax loss during the year ended 30 April 2023.

10. LOSS FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the year has been arrived at after charging:						
Auditor's remuneration						
– audit service	550	650	–	–	550	650
Cost of inventories recognised as an expense	1,715	8,990	–	–	1,715	8,990
Sub-contracting expense	15,552	58,957	–	–	15,552	58,957
Fair value loss on financial assets at FVTPL	6,327	23,109	–	–	6,327	23,109
Depreciation of property, plant and equipment	1,281	2,912	–	2	1,281	2,914
Depreciation of right-of-use assets	81	1,396	–	–	81	1,396
Write down of inventories	–	466	–	–	–	466
Staff costs including directors' emoluments (note)						
– Basis salaries, bonus, other benefits and retirement benefit scheme contributions	17,142	35,918	–	231	17,142	36,149
	<u>17,142</u>	<u>35,918</u>	<u>–</u>	<u>231</u>	<u>17,142</u>	<u>36,149</u>

Note: The staff costs of approximately HK\$7,306,000 (2023: HK\$20,341,000) were included in the cost of sales.

11. 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.

During the year ended 30 April 2023, the discontinued operation of the Group generated cashflow of HK\$80,000 in respect of operating activities, generated cashflow of HK\$7,000 in respect of investing activities, and used cashflow of HK\$89,000 in respect of financing activities.

The gain of Disposal was approximately HK\$115,000.

12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 30 April 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

13. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>11,147</u>	<u>112,384</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>14,367,101,072</u>	<u>14,367,101,072</u>

13. LOSS PER SHARE (Continued)

Basic and diluted loss per share (Continued)

(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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year from continuing operations	<u>11,147</u>	<u>112,413</u>

Diluted loss per share is the same as the basic loss per share because the Group has no potential ordinary shares outstanding during the years ended 30 April 2024 and 2023.

(c) From discontinued operation

For the year end 30 April 2023, basic earnings per share from discontinued operation was HK\$0.0002 cents per share, which were calculated based on the profit from discontinued operation for the year of HK\$29,000 and the denominators detailed above.

14. LOAN AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan and interest receivables	720,251	684,439
Less: Allowance for credit losses	<u>(264,089)</u>	<u>(240,051)</u>
	<u>456,162</u>	<u>444,388</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts fall due within one year	214,257	418,061
Amounts fall due within one to second year	<u>241,905</u>	<u>26,327</u>
	<u>456,162</u>	<u>444,388</u>

14. LOAN AND INTEREST RECEIVABLES (Continued)

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts secured with guarantor	–	96,557
Amounts secured with securities (<i>note</i>)	86,883	142,274
Amounts unsecured	369,279	205,557
	<hr/> 456,162 <hr/>	<hr/> 444,388 <hr/>

Note: The securities are ordinary shares of companies listed on the Stock Exchange. The fair value of these securities were approximately HK\$111,612,000 (2023: HK\$255,650,000).

As at 30 April 2024, included in the Group's loan and interest receivables balance are debtors with aggregate gross carrying amount of approximately HK\$39,485,000 (2023: HK\$38,726,000) which are past due as at the reporting date, of which approximately HK\$3,707,000 (2023: HK\$25,185,000) has been past due less than 30 days, approximately HK\$4,899,000 (2023: HK\$Nil) has been past due more than 30 days but less than 90 days, approximately HK\$2,933,000 (2023: HK\$Nil) has been past due more than 90 days but less than 180 days, approximately HK\$24,016,000 (2023: HK\$Nil) has been past due more than 180 days but less than 1 year, and approximately HK\$3,930,000 (2023: HK\$13,541,000) has been past due more than 1 year. The Directors consider credit risks of loan and interest receivables that are past due more than 30 days have increased significantly and those past due more than 90 days are considered as credit-impaired.

Included in the carrying amount of loan and interest receivables as at 30 April 2024 is accumulated allowance for credit losses of HK\$264,089,000 (2023: HK\$240,051,000).

During the year ended 30 April 2024, loan and interest receivables were charged on fixed interest rate mutually agreed between the contracting parties, ranging from 7% to 22% (2023: 7% to 40.6%) per annum.

15. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work (<i>note</i>)	36,054	35,306
Less: Allowance for credit losses	(1,453)	(1,735)
	<hr/> 34,601 <hr/>	<hr/> 33,571 <hr/>

15. TRADE RECEIVABLES (Continued)

Note: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	18,415	22,793
91 to 180 days	2,907	5,961
181 to 365 days	10,471	3,884
Above 1 year	2,808	933
	<u>34,601</u>	<u>33,571</u>

As at 30 April 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$16,186,000 (2023: HK\$10,778,000), which are past due as at the reporting date. Out of the past due balances, approximately HK\$2,808,000 (2023: HK\$933,000) has been past due more than 1 year. The Group does not hold any collateral over these balances.

16. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note a</i>)	8,933	10,751
Other payables (<i>note b</i>)	28,085	19,815
Accruals	3,709	4,409
Provision for long service payment	186	–
	<u>40,913</u>	<u>34,975</u>

16. TRADE AND OTHER PAYABLES (Continued)

Notes:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	1,342	4,513
91 to 180 days	39	762
181 to 365 days	2,383	4,462
Above 1 year	5,169	1,014
	<u>8,933</u>	<u>10,751</u>

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, approximately HK\$13,550,000 (2023: HK\$12,500,000) was amount due to a related company, owned by a director of the Company who resigned on 2 May 2022, approximately HK\$2,400,000 (2023: HK\$2,400,000) was the patent amount payable to a director of the Company who resigned on 2 May 2023, approximately HK\$3,470,000 (2023: HK\$2,570,000) was amount due to a director of the Company who resigned on 19 December 2022. Furthermore, approximately HK\$5,421,000 was amount due to a consultant of the Company.

17. LEASE LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	663	1,027
Within a period of more than one year but not more than two years	244	352
Within a period of more than two years but not more than five years	–	243
	<u>907</u>	<u>1,622</u>
Less: Amounts due for settlement within one year shown under current liabilities	<u>(663)</u>	<u>(1,027)</u>
Amounts due for settlement after one year shown under non-current liabilities	<u>244</u>	<u>595</u>

18. OTHER BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bonds	148,448	123,879
Less: classified to current liabilities	<u>(148,348)</u>	<u>(120,563)</u>
Non-current liabilities	<u>100</u>	<u>3,316</u>

As at 30 April 2024, WLS Holdings Limited issued 5 (2023: 5) coupon bonds as follows:

- (a) A 2-year 6.5% coupon unlisted straight bond 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. As at 30 April 2024, the bond payables were matured and remain unsettled.
- (b) A 2-year 11% coupon unlisted straight bond 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. As at 30 April 2024, the bond payables were matured and remain unsettled.
- (c) A 2-year 6.5% coupon unlisted straight bond 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. As at 30 April 2024, the bond payables were matured and remain unsettled.
- (d) A 2-year 6.5% coupon unlisted straight bond 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. As at 30 April 2024, the bond payables were matured and remain unsettled.
- (e) A 5-year 6.5% coupon unlisted straight bond 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.

18. OTHER BORROWINGS (Continued)

As at 30 April 2024, Gold Medal Hong Kong Limited (“Gold Medal”), an indirect wholly-owned subsidiary of the Company issued 4 (2023: 3) coupon bonds as follows:

- (a) Gold Medal 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 flow 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.
- (b) A 3-year 8.5% coupon unlisted straight bond 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. There is amendment of 4-year coupon unlisted straight bonds has been further extended to 27 October 2027 with the effective dated on 29th August 2023. The bond is extended to 27 October 2027 with no change in terms.
- (c) A surety bond of HK\$18,000,000 issued by Gold Medal was issued on 16 September 2020 with no interest bearing which was due on 15 September 2023. As at 30 April 2024, the bond payables were matured and remain unsettled.
- (d) A 2-year 8% coupon unlisted straight bond at a nominal value of HK\$18,000,000 was issued by Gold Medal on 10 July 2023 which were secured by the Company’s corporate guarantee. The principal amount is repayable at the date of its maturity. The Company and the bondholder may request early redemption of the bond after 3-month of the issuance date of the bond.

All bonds were unsecured.

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, all bondholders are an independent third parties not connected with the Company and its connected person.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The section below set out an extract of the independent auditors' report regarding the consolidation financial statements of the Group for the year ended 30 April 2024.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the section headed "Going Concern" of note 2 to the consolidated financial statements, that the Group incurred a net loss amounted to approximately HK\$11,147,000 for the year ended 30 April 2024, and it has been noted that other borrowing amounting to HK\$51,000,000 were past due as of 30 April 2024 while the Group's current cash balances of HK\$18,480,000 are insufficient to settle all the current liabilities due within the next twelve months from the date of approval of the consolidated financial statements. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year ended 30 April 2024 ("Year"), the Group recorded a decrease in the Group's total revenue for the Year from continuing operations of approximately HK\$82.4 million, representing a decrease of approximately 44% as compared with the year ended 30 April 2023 ("Last Year"). Net loss attributable to the owners of the Company for the Year from continuing operations was approximately HK\$11.1 million, representing a significant decrease of approximately HK\$94.2 million 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 and (iii) securities investment 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\$36.8 million, representing a decrease of approximately HK\$66.6 million as compared with Last Year (Last Year: approximately HK\$103.4 million), since the Group had certain construction contracts that are completed. During the year, the Group had been awarded a total of 4 new construction contracts during the Year (Last Year: 2 new construction contracts).

Scaffolding Services

In recent years, a number of large-scale infrastructure projects have been carried out by the Government of 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 in Hong Kong.

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 of workers resulted in the 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 44 ongoing projects, and 12 of which were completed on schedule and 4 new contracts were awarded.

Project portfolio of scaffolding services (as of 30 April 2024)

- Comprehensive Hotel Development at Lai Ying Street, Cheung Sha Wan
- Comprehensive Redevelopment at 138 Carpenter Road, Kowloon
- Comprehensive Development of Jockey Club One Health Tower for City University of Hong Kong
- Comprehensive Development of LRT Tin Wing Stop Tin Shui Wai
- Property Development at Tung Chau Street and 1-5 Kweilin Street
- Redevelopment of Khalsa Diwan Hong Kong (Sikh Temple)
- 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 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 No 3 Off Anderson Road, Kwun Tong
- 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)
- Repair, Maintenance, Alteration and Addition work at Yuen Long Yoho Mall I & II
- Residential Development of proposed dedicated Rehousing Estate at Hung Shui Kiu Phase 1A, Yuen Long
- Residential Development at Anderson Road Quarry Site R2-5
- Residential Development at Tung Chung Area 99
- Residential Development at Kwun Tong North Area 19 Phase 1A and 1B

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 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.

Gold Medal does not place advertisement to procure new customers from the general public. Instead, Gold Medal acquires its new customers through referrals by the business acquaintances of the management or existing and/or previous customers. When a potential customer is referred to the Group, each loan application will be considered and approved by the Board on a case-by-case basis.

The Group finances the money lending business principally by the cash inflow mainly from the repayment of the existing loan portfolio and the proceeds from the issuance of bonds by Gold Medal and the Company.

As at 30 April 2024, Gold Medal had 101 customers.

Approval of loan application

All loans and loan agreements under the Group's money lending business have been granted and approved in accordance with the Guidelines and the 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. At present, the Guidelines provide that the usual tenure of the loan is between 3 months to 5 years, and for loan less than HK\$5,000,000, the usual interest rate is between 7%-15%, for loan in the amount between HK\$5,000,000 to HK\$20,000,000, the usual interest rate is between 7%-13% and for loan in the amount between HK\$20,000,000 to HK\$40,000,000, the usual interest rate is 7%-10%.

Each loan application is considered on a case-by-case basis. In general, if the intending borrower will not provide any collateral for the borrowing, the Group will assess the overall creditworthiness of the intending borrower. To balance the risk and return, a higher interest rate (when compared with usual secured bank borrowing) will be charged by the Group and such interest rate may be higher than any of the interest rates as specified in the Guidelines.

When evaluating the overall creditworthiness of the intending borrower, Gold Medal has adopted the following practices:

- (i) With regard to private and listed companies, Gold Medal does not approve loan application of intending borrower which conducts business in industries engaging in sensitive or high risk activities for money laundering and terrorist financing, such as the entertainment and the gambling industries.
- (ii) With regard to individual customers, in accordance with the Licensing Condition 15 of the licensing conditions as imposed by the Licensing Court which was effective from 16 March 2021, in respect of unsecured personal loans only, Gold Medal is required to carry out a reasonable assessment of the intending borrower's ability to make repayments in an affordable manner. Therefore, Gold Medal has obtained income proof and asset proof from the intending borrower and also took into account payments needed to meet existing debts (if any) and essential living expenses of the intending borrower when reviewing the loan application.

Existing loans

The amount of overdue loans receivable as at 30 April 2024 was approximately HK\$39.5 million. In relation to the overdue loans, Gold Medal has sent loan repayment request letter to the relevant borrowers and/or has been conducting negotiation with the relevant borrowers and may consider taking legal action.

The Company has complied with the requirements set out in Chapter 19 and/or Chapter 20 of the GEM Listing Rules when Gold Medal granted the loan to each of the borrowers, whose loan was still outstanding as at 30 April 2024.

The Company does not have any agreement, arrangement, understanding, or undertaking (whether formal or informal and whether express or implied) with a connected person (as defined in the GEM Listing Rules) with respect to the grant of any loan by Gold Medal to the borrower whose loan was still outstanding as at 30 April 2024.

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 slight increase of revenue during the Year and recorded a turnover of approximately HK\$45.6 million for the Year (Last Year: approximately HK\$42.5 million). For the loan portfolio as at 30 April 2024, 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% per annum. As at 30 April 2024, approximately 81% 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 2024, the net amount of loan and interest receivables due from the largest borrower was approximately HK\$20.6 million, being approximately 4.5% 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 20.1% 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 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

The Group recorded a net loss of approximately HK\$6.3 million (Last Year: net loss of approximately HK\$23.1 million) for its investment portfolio for the Year, which was mainly due to the volatility of the stock market in Hong Kong. The investment committee will continue to monitor the Group's investment portfolio closely in order to maximum shareholders' returns.

Money Lending:

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, 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\$24.0 million (Last Year: approximately HK\$84.6 million) and approximately HK\$nil million (Last Year: approximately HK\$3.0 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

Looking ahead, the external environment is rather complicated in 2024. The geopolitical tensions and the lagged effects of the sharp monetary tightening earlier will continue to affect Hong Kong economic growth. Some major central banks are expected to cut interest rates later in the year, thereby lending support to economic confidence and activities around the world, though the exact timing and magnitude of the cuts remain uncertain. The Group will continue to focus on scaffolding, fitting out and other auxiliary services for construction and buildings work; money lending and securities investment business.

In the past decade, the scaffolding industry has become increasingly competitive. Furthermore, the costs have become higher together with rising labour costs and the productivity has suffered decline as well. In the face of a phenomenon of ageing workers, young generation is 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 2024/2025, 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\$82.4 million (Last Year: approximately HK\$146.0 million), representing a decrease of approximately 44% as compared with Last Year. The Company recorded a net loss attributable to its owners from continuing operation of approximately HK\$11.1 million for the Year (Last Year: approximately HK\$112.4 million). The decrease in net loss was mainly due to the decrease in net impairment loss recognised arising from expected credit losses on loan and interest receivables, trade and other receivables and contract assets of approximately HK\$24.4 million (2023: HK\$92.9 million).

The decrease in turnover was mainly due to the revenue decreased 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 increased by approximately 6% to approximately HK\$50.7 million as compared with Last Year (Last Year: approximately HK\$47.8 million) and gross profit margin increased to approximately 61.6% (Last Year: approximately 32.8%). Gross profit margin of the Group increased due to in gross profit was due to the high demand of the money lending business and offset with the decreased revenue in scaffolding, fitting out and other auxiliary services for construction and buildings work business.

During the Year, the operating and administrative expenses decreased from approximately HK\$27.4 million in the Last Year to approximately HK\$18.3 million due to the decrease in staff costs, decrease in depreciation of right-of-use assets due to termination of leases during the year and decrease in marketing and advertising expenses during the Year. Finance costs increased to approximately HK\$8.6 million compared with Last Year (Last Year: approximately HK\$7.1 million) which was mainly due to the significant increase in the 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 proceeds from issue of coupon bonds.

As at 30 April 2024, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$383.9 million (30 April 2023: HK\$396.1 million), approximately HK\$333.9 million (30 April 2023: HK\$534.5 million), approximately HK\$136.6 million (30 April 2023: HK\$359.6 million) and HK\$582.0 million (30 April 2023: HK\$575.6 million) respectively.

As at 30 April 2024, the Group's other borrowings was HK\$148.4 million (30 April 2023: HK\$123.9 million) and the lease liabilities was approximately HK\$0.9 million (30 April 2023: HK\$1.6 million). As at 30 April 2024, 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 the bonds is extended to 27 October 2027 with no change in terms; 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 2024, the Group's bank balances and cash amounted to approximately HK\$18.5 million (30 April 2023: HK\$18.5 million). As at 30 April 2024, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was approximately 38.8% (30 April 2023: 31.5%). For calculating the gearing ratios, total debts of the Group included other borrowings and lease liabilities.

As at 30 April 2024, most of the Group's bank balances and cash, and other borrowings were denominated in Hong Kong dollars. The other borrowings were repayable on demand or within one year. The lease liabilities had an average lease term ranging from one to three years (30 April 2023: 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

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 2024, the Group's net loan and interest receivables amounted to approximately HK\$456.2 million (2023: HK\$444.4 million). Allowance for credit losses of loan and interest receivables under the ECL model amounted to approximately HK\$264.1 million (2023: HK\$240.1 million) and net impairment loss arising from ECL amounted to approximately HK\$24.0 million (2023: HK\$84.6 million).

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 2024 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 2024 x probability of default x loss given default x forward looking factor

Impairment assessment on interest:

Outstanding amount of interest as at 30 April 2024 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 2024.

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 three operating segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work; (ii) money lending business and (iii) securities investment business.

Geographical segments

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

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant acquisition and disposal during the Year.

INVESTMENTS

As at 30 April 2024, the equity instruments at fair value through other comprehensive income (“FVTOCI”) of the Group amounted to approximately HK\$1.1 million, representing approximately 0.2% of the Group’s audited total assets as at 30 April 2024 and financial assets at fair value through profit or loss (“FVTPL”) of the Group amounted to approximately HK\$47.7 million representing approximately 8.1% of the Group’s total assets as at 30 April 2024.

These investments mainly include equity securities of 33 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 2024.

The Directors expect that the upward trend of the stock market in Hong Kong would be continued in 2024 and 2025 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, high inflation, 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

The Group did not have any pledge on its assets as at 30 April 2024 and 2023.

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 2024. 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

The Group did not have any material contingent liabilities as at 30 April 2024 and 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2024, the total number of full-time employees of the Group was 43 (30 April 2023: 50). Total staff costs (including Directors' emoluments) amounted to approximately HK\$17.1 million for the Year (Last Year: approximately HK\$36.1 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 2024 except for disclosed in "NON-COMPLIANCE WITH LISTING RULES".

NON-COMPLIANCE WITH LISTING RULES

On 22 July 2024, following the resignation of Mr. Law Man Sang as the independent non-executive directors of the Company, the Company fails to meet the requirements of (i) have at least three independent non-executive directors on the Board under 5.05 (1) of the GEM Listing Rules, (ii) audit committee comprise a minimum of the three members under 5.28 of the GEM Listing Rules and (iii) a remuneration committee chaired by an independent non-executive director under 5.34 of the GEM Listing Rules.

On 21 July 2024, following the resignation of Mr. Wong Chin Ming as the company secretary and authorised representative, the Company will have no company secretary and will not be able to meet the requirement under Rule 5.14 of the GEM Listing Rules and the requirement that an issuer should appoint two authorized representatives under Rule 5.24 of the GEM Listing Rules. The Company will use its best endeavour to identify and appoint a suitable candidate as a Company Secretary and authorised representative as soon as practicable in accordance with the requirements of the Listing Rules to ensure compliance by the Company with Rules 5.14 and 5.25 of GEM Listing rules.

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 two independent non-executive Directors as at the date of this announcement, namely Mr. Lo Ka Ki and Ms. Gong Qiuyun.

The primary duties of the Audit Committee are to review the Company’s annual reports and accounts, interim 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

Infinity CPA Limited has reported on the consolidated financial statements of the Company for the year ended 30 April 2024.

The figures set out in this preliminary announcement of the Group’s results for the year ended 30 April 2024 have been agreed by the Company’s auditors, Infinity CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year ended 30 April 2024. The work performed by Infinity 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 Infinity CPA Limited on this preliminary announcement.

On behalf of the Board
WLS Holdings Limited
Yang Haijia
Executive Director

Hong Kong, 30 July 2024

As at the date of this announcement, the Board comprises Mr. Yang Haijia (Executive Director), Mr. Lo Ka Ki (Independent Non-executive Director) and Ms. Gong Qiuyun (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 Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.wls.com.hk.