



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)

Third Quarterly Report 2019/2020

* *For identification purpose only*

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 January 2020

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	40,002	53,887	112,988	137,595
Cost of sales		(22,895)	(34,089)	(66,168)	(92,474)
Gross profit		17,107	19,798	46,820	45,121
Other income	4	83	744	1,878	1,354
Other (losses) and gains	5	(7,922)	(3,718)	(19,546)	(26,792)
Operating and administrative expenses		(13,337)	(11,029)	(32,963)	(31,132)
Fair value loss on investment property		-	-	(4,380)	-
Gain on disposal of property, plant and equipment		11	22	11	22
Finance costs	6	(2,582)	(2,446)	(6,892)	(6,417)
(Loss)/profit before taxation from continuing operations		(6,640)	3,371	(15,072)	(17,844)
Taxation	7	(813)	(386)	(2,313)	(1,083)
(Loss)/profit for the period from continuing operations		(7,453)	2,985	(17,385)	(18,927)
Discontinued operation					
Loss for the period from a discontinued operation	10	(1,091)	(1,281)	(3,167)	(3,365)
(Loss)/profit for the period		(8,544)	1,704	(20,552)	(22,292)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
(Loss)/profit for the period from continuing operations attributable to:					
Owners of the Company		(6,968)	3,462	(14,582)	(16,972)
Non-controlling interests		(485)	(477)	(2,803)	(1,955)
		<u>(7,453)</u>	<u>2,985</u>	<u>(17,385)</u>	<u>(18,927)</u>
Loss for the period from a discontinued operation attributable to:					
Owners of the Company		(1,091)	(1,281)	(3,167)	(3,365)
Non-controlling interests		-	-	-	-
		<u>(1,091)</u>	<u>(1,281)</u>	<u>(3,167)</u>	<u>(3,365)</u>
		<u><u>(8,544)</u></u>	<u><u>1,704</u></u>	<u><u>(20,552)</u></u>	<u><u>(22,292)</u></u>
Dividend	8	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
(Loss)/earning per share from continuing operations					
- basic	9	<u><u>(HK0.048 cent)</u></u>	<u><u>HK0.024 cent</u></u>	<u><u>(HK0.101 cent)</u></u>	<u><u>(HK0.118 cent)</u></u>
- diluted	9	<u><u>(HK0.048 cent)</u></u>	<u><u>HK0.023 cent</u></u>	<u><u>(HK0.101 cent)</u></u>	<u><u>(HK0.118 cent)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 January 2020

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(Loss)/profit for the period	(8,544)	1,704	(20,552)	(22,292)
Other comprehensive expense:				
<i>Items that will not be reclassified to profit or loss:</i>				
Changes on fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	(725)	(1,921)	(1,564)	(4,718)
Other comprehensive expense for the period, net of taxation	(725)	(1,921)	(1,564)	(4,718)
Total comprehensive expense for the period	(9,269)	(217)	(22,116)	(27,010)
Total comprehensive (expense)/income from continuing operations for the period attributable to:				
Owners of the Company	(7,693)	1,541	(16,146)	(21,690)
Non-controlling interests	(485)	(477)	(2,803)	(1,955)
	(8,178)	1,064	(18,949)	(23,645)
Total comprehensive expense from a discontinued operation for the period attributable to:				
Owners of the Company	(1,091)	(1,281)	(3,167)	(3,365)
Non-controlling interests	-	-	-	-
	(1,091)	(1,281)	(3,167)	(3,365)
	(9,269)	(217)	(22,116)	(27,010)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 January 2020

	Attributable to the Owners of the Company									
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI/ Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i> <i>(Note c)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 May 2018 (Audited)	143,670	560,230	191,087	2,222	7,280	(8,108)	(169,125)	727,256	(16,807)	710,449
Adjustments	-	-	-	-	-	-	(15,306)	(15,306)	-	(15,306)
At 1 May 2018 (restated)	143,670	560,230	191,087	2,222	7,280	(8,108)	(184,431)	711,950	(16,807)	695,143
Loss for the period	-	-	-	-	-	-	(20,337)	(20,337)	(1,955)	(22,292)
Other comprehensive expense for the period	-	-	-	-	-	(4,718)	-	(4,718)	-	(4,718)
Total comprehensive expense for the period	-	-	-	-	-	(4,718)	(20,337)	(25,055)	(1,955)	(27,010)
At 31 January 2019 (unaudited)	143,670	560,230	191,087	2,222	7,280	(12,826)	(204,768)	686,895	(18,762)	668,133
At 1 May 2019 (Audited)	143,670	560,230	191,087	2,222	7,280	(36,043)	(222,407)	646,039	(11,409)	634,630
Loss for the period	-	-	-	-	-	-	(17,749)	(17,749)	(2,803)	(20,552)
Other comprehensive expense for the period	-	-	-	-	-	(1,564)	-	(1,564)	-	(1,564)
Total comprehensive expense for the period	-	-	-	-	-	(1,564)	(17,749)	(19,313)	(2,803)	(22,116)
Share option lapsed during the period	-	-	-	-	(7,280)	-	7,280	-	-	-
Recognition of equity settled-share-based payment	-	-	-	-	2,801	-	-	2,801	-	2,801
At 31 January 2020 (unaudited)	143,670	560,230	191,087	2,222	2,801	(37,607)	(232,876)	629,527	(14,212)	615,315

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

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

The principal activities of the Group are the provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business and assets management business.

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

2. Basis of preparation and principal accounting policies

Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong 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 condensed 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 2019.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 April 2019. 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 except for the application of HKFRS 16 “Leases” which is effective for the Group’s annual periods beginning on or after 1 May 2019. The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and comparative figures were not restated. On adoption of HKFRS 16, the Group will recognise lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate. The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised. The Group also decided not to apply HKFRS 16 to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognised as an expense from short-term lease.

2. Basis of preparation and principal accounting policies (continued)

Impacts and changes in accounting policies on application of HKFRS 16 Leases

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for lease previously classified as operating lease, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The Group incremental borrowing rate applied by the relevant entities of approximately 5.38%.

	At 1 May 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 30 April 2019	6,141
Less: Recognition exemption	
– Short term leases	(4,761)
	<hr/> 1,380
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	
discounted at relevant incremental borrowing rate as at 1 May 2019	1,309
Add: Obligation under finance leases recognised at 30 April 2019	1,961
	<hr/> 3,270
Of which are:	
Current lease liabilities	1,618
Non-current lease liabilities	1,652
	<hr/> 3,270
	<hr/> <hr/>

3. Revenue

Disaggregation of revenue from contracts with customers

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers:				
Contract revenue in respect of construction and buildings work for the provision of				
– scaffolding services	25,281	32,530	68,787	83,777
– fitting out services	2,447	7,882	8,281	17,548
– management contracting services	–	214	–	214
Gondolas, parapet railings and access equipment installation and maintenance services	161	2,438	1,123	3,655
Securities brokerage and margin financing	–	–	–	–
Assets management	361	714	1,375	2,398
	<u>28,250</u>	<u>43,778</u>	<u>79,566</u>	<u>107,592</u>
Revenue from other sources:				
Loan interest income	11,752	10,109	33,422	30,003
	<u>11,752</u>	<u>10,109</u>	<u>33,422</u>	<u>30,003</u>
Total revenue	<u>40,002</u>	<u>53,887</u>	<u>112,988</u>	<u>137,595</u>
Timing of revenue recognition:				
At point of time	–	–	–	–
Over time	40,002	53,887	112,988	137,595
	<u>40,002</u>	<u>53,887</u>	<u>112,988</u>	<u>137,595</u>
Total	<u>40,002</u>	<u>53,887</u>	<u>112,988</u>	<u>137,595</u>

4. Other income

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	144	179	432	533
Reversal of allowance for bad and doubtful debts	–	209	–	209
Sundry income	74	342	266	575
Interest income	(138)	13	1,177	29
Foreign exchange gain/(loss), net	3	1	3	8
	<u>83</u>	<u>744</u>	<u>1,878</u>	<u>1,354</u>

5. Other (losses) and gains

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value loss on financial assets at FVTPL, net	(7,889)	(2,653)	(18,383)	(25,754)
Loss on disposal of an equity instruments at FVTOCI	–	(76)	–	(76)
(Loss)/gain on disposal of financial assets at FVTPL	(33)	(989)	643	(233)
Provision of allowance for expected credit loss (“ECL”), net	–	–	(480)	(729)
Write-off of trade receivables	–	–	(1,526)	–
Impairment loss reversed arising from ECL on a contract asset	–	–	200	–
	<u>(7,922)</u>	<u>(3,718)</u>	<u>(19,546)</u>	<u>(26,792)</u>

6. Finance costs

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings and bank overdrafts	698	651	1,980	1,816
Interest on other loan and other borrowings	1,857	1,768	4,813	4,512
Interest on obligations under finance leases	–	27	–	89
Interest on lease liabilities	27	–	99	–
	<u>2,582</u>	<u>2,446</u>	<u>6,892</u>	<u>6,417</u>

7. Taxation

Taxation comprises:

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Profits Tax – current period	813	386	2,313	1,083

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

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

8. Dividend

The Board does not recommend the payment of any dividend for the nine months ended 31 January 2020 (nine months ended 31 January 2019: Nil).

9. (Loss)/earning per share from continuing operations

The calculation of the basic (loss)/earning per share from continuing operations is based on the unaudited net loss from continuing operations attributable to the Owners of the Company for the three months and nine months ended 31 January 2020 approximately (HK\$6,968,000) and (HK\$14,582,000) respectively (the unaudited net (loss)/profit from continuing operations attributable to the Owners of the Company for the three months and nine months ended 31 January 2019: approximately HK\$3,462,000 and (HK\$16,972,000) respectively).

The weighted average numbers of ordinary shares for the purpose of basic and diluted (loss)/earning per share from continuing operations is as follows:

	Three months ended 31 January		Nine months ended 31 January	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating loss/(earning) per share from continuing operations				
Basic	14,367,101,072	14,367,101,072	14,367,101,072	14,367,101,072
Effect of dilutive potential ordinary shares on share options	–	614,518,942	–	–
Diluted	14,367,101,072	14,981,620,014	14,367,101,072	14,367,101,072
	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
(Loss)/earning per share from continuing operations				
– Basic	(0.048)	0.024	(0.101)	(0.118)
– Diluted	(0.048)	0.023	(0.101)	(0.118)

The computation of diluted loss per share from continuing operations for the three months and nine months ended 31 January 2020, and the nine months ended 2019 does not assume the exercise of the Company’s share option as the exercise would result in a decrease in loss per share for the period.

10. Discontinued operation

On 11 December 2019, the Company entered into the conditional sale and purchase agreement (“SPA”) with Mr. Tsang Pui Lan Patrick, (“Purchaser”), an independent third party, pursuant to which the Company conditionally agreed to sell and assign the benefit of, 1 ordinary share in the issued share capital of Bright Advantage Limited (“Bright Advantage”), a wholly owned subsidiary of the Company, representing 100% of the entire issued share capital of the Bright Advantage and 1 ordinary share in the share capital OX Financial Group Limited (“OX Financial Group”) (collectively as the “Sale Shares”) of, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the loans owing by each of Bright Advantage and OX Financial Group as at the date of completion, respectively, at the consideration as determined in accordance with the terms and conditions of the SPA.

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

The completion of SPA is conditional upon simultaneous completion of the conditions being satisfied (or being waived) on or before the long stop date (“Completion”), which is the date falling on expiry of 12 calendar months after the date of the SPA or such other later date as the Purchaser and the Company may agree in writing.

After Completion, each of the Bright Advantage, OX Financial Group, OX Securities and OX Assets Management will cease to be a subsidiary of the Company and the Group will cease its business in the segment of securities brokerage and margin financing.

The results for the period from the discontinued operation in respect of the segment of securities brokerage and margin financing business are as follows:

	Three months ended 31 January		Nine months ended 31 January	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	127	76	431	302
Other income	44	112	122	560
Operating and administrative expenses	(1,262)	(1,469)	(3,720)	(4,227)
Loss before taxation from a discontinued operation	(1,091)	(1,281)	(3,167)	(3,365)
Taxation	-	-	-	-
Loss for the period from a discontinued operation and attributable to Owners of the Company	(1,091)	(1,281)	(3,167)	(3,365)

11. Event after the end of reporting period

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the nine months ended 31 January 2020 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$113.0 million (2019: HK\$137.6 million), representing a decrease of approximately 18% compared to the corresponding period in 2019. Net loss attributable to owners of the Company for the nine months ended 31 January 2020 was approximately HK\$14.6 million (2019: HK\$17.0 million). The significant decrease in revenue was mainly due to the decrease in contract revenue generated from scaffolding business and fitting out services business during the Reporting Period. Also, the decrease in loss was mainly due to the decrease in loss incurred in the Group’s securities investment portfolios by approximately HK\$8.3 million which was partially offset by fair value loss on investment property of approximately HK\$4.4 million during the Reporting Period. During the Reporting Period, our money lending business continued to contribute stable revenue to the Group and served as one of the major income sources of the Group.

Scaffolding Services

In recent years, a number of transportation and infrastructure projects have been carried out by the Hong Kong Government to help boost the construction and development of Hong Kong’s society. To this end, a multi-pronged strategy has been adopted for maintaining a steady and sustainable land supply in order to meet the demand for private housing, which has, in turn, stimulated the positive growth trend in the construction industry during the period.

However, a primary concern across the entire industry during the past several years has been that construction workers, especially experienced personnel, have been in short supply, causing higher labour costs for employers. As a result, profit margins throughout the industry were lower during the period in addition to intensified competition within the scaffolding sector itself. However, it is worth mentioning that the Group’s patented scaffolding system known as “Pik-Lik” played a crucial role in saving manpower hours and achieving higher efficiency.

Leveraging the widespread recognition of our service quality and the strong relationships we have nurtured with our clientele, the Group continued to receive positive feedback and support as one of the leading scaffolding service providers in Hong Kong. As a result of recent protest crisis in Hong Kong and the outbreak of COVID-19, we provided scaffolding services for 47 ongoing projects, 24 of which were completed on schedule and we also successfully secured 10 new contracts during the Reporting Period. The overall results for the division during the Reporting Period had significant drop with the revenue of approximately HK\$68.8 million, a decrease of approximately 18% compared to the same period in 2019.

Fitting out Services

Regarding our fitting out business division, the Group recorded segment revenues of approximately HK\$8.3 million with 4 new contracts secured during the Reporting Period.

Sense Key Design Holdings Limited (“Sense Key”), the Group’s 51% owned subsidiary, which provides fitting-out services targeting commercial institutions and luxury residence end-users continued to generate substantial revenues for the Group along with high profit margins. The Group has also extended its scope of services to include ceiling work and to date we have received encouraging feedback from clients.

Due to the keen competition of fitting out services, comparatively less contract revenue was received during the Reporting Period. The Group will continue to proactively to acquiring new contracts.

Gondolas, Parapet Railings, Access Equipment Installation and maintenance Services

In this segment, the Group mainly generated revenues from temporary gondola fleet rental income during the period. The Access Equipment division has also been developing in a stable manner with revenue amounting to approximately HK\$1.1 million, a significant decrease of approximately 69% compared to the same period last year. Moreover, 10 new projects were secured during the Reporting Period.

Management Contracting Services

The Group's Management Contracting Division generated approximately HK\$0.2 million for the nine months period. The Group will continue seek for potential projects and is prudently optimistic about this business segment and will continue to actively approach prospective clients.

Money Lending Business

As for money lending operations, the Group has secured a number of short-term and long-term loan agreements and generated a revenue of approximately HK\$33.4 million during the Reporting Period, representing approximately 11% stable grow compared with last period and accounted for approximately 30% of total revenue. The principal amount of the loans ranged from HK\$0.2 million to HK\$26 million with interest rates set between 7.5% and 18% per annum during the Reporting Period. In view of the this segment's considerable returns, the money lending segment has already become the cash cow and profit driver of the Group's overall business.

Securities Investment Business

As mentioned above, the Group's securities investment business continued to record a loss during the Reporting Period, which was mainly due to the volatility of the stock market in Hong Kong. However, the loss in this business significantly decreased by approximately 32% compared with the same period.

The Group will continue to focus on Hong Kong-listed securities with strict risk control. Due diligence was conducted with every possible investment and each was taken into serious consideration to ensure quality risk control and to maximise shareholders' benefits.

The Group also foresees that the global economy will continue to be unstable in year 2019/2020 as a result of the threat of trade war between China and the United States ("US"), the protest crisis in Hong Kong and the outbreak of COVID-019. 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 issue share capital of Blue Pool Ventures Limited in March 2018, the holding company of Mass Fidelity Asset Management Limited, a licensed insurance broker and registered MPF Corrate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the reporting period, the assets management business recorded a revenue of approximately HK\$1.4 million representing a decrease of approximately 43% compared to the same period last year due to the decline of Hong Kong economy.

Disposal of OX Financial Securities Limited (“OX Securities”) and OX Financial Assets Management Limited (“OX Assets Management”)

On 11 December 2019, the Company entered into the conditional sale and purchase agreement (“SPA”) with Mr. Tsang Pui Lan Patrick, (“Purchaser”), an independent third party, pursuant to which the Company conditionally agreed to sell and assign the benefit of, 1 ordinary share in the issued share capital of Bright Advantage Limited (“Bright Advantage”), a wholly owned subsidiary of the Company, representing 100% of the entire issued share capital of the Bright Advantage and 1 ordinary share in the share capital OX Financial Group Limited (“OX Financial Group”) (collectively as the “Sale Shares”) of, and the Purchaser agreed to purchase and take the assignment of, the Sale Shares and the loans owing by each of Bright Advantage and OX Financial Group as at the date of completion, respectively, at the consideration as determined in accordance with the terms and conditions of the SPA.

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

The completion of SPA is conditional upon simultaneous completion of the conditions being satisfied (or being waived) on or before the long stop date (“Completion”), which is the date falling on expiry of 12 calendar months after the date of the SPA or such other later date as the Purchaser and the Company may agree in writing.

After Completion, each of the Bright Advantage, OX Financial Group, OX Securities and OX Assets Management will cease to be a subsidiary of the Company and the Group will cease its business in the segment of securities brokerage and margin financing. The transactions has not yet completed at the date of this report. Details of the transaction are set out in the announcement of the Company dated 11 December 2019.

The operating results of the segment of securities brokerage and margin financing was reclassified as discontinued operation during the Reporting Period which are set out in the note 10 to the unaudited condensed consolidated financial statements as above.

Business Outlook

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

Despite the above uncertainties, based on the HKSAR’s land supply forecast, a total of 460,000 residential units are expected to be added to the market by 2027, generating a great deal of future construction project work. Therefore, the Group remains cautiously optimistic about overall prospects for the scaffolding sector as we are one of the leading scaffolding sub-contractors in the industry, and we are confident about securing more contracts upon the recovery of Hong Kong economy.

On the other hand, there will also be a shortage of about 10,000 to 15,000 skilled workers in the construction industry. The Group has identified a key market niche and will continue to promote the use of the “Pik Lik” brand scaffolding system to help improve overall efficiency while boosting the revenue and market share of our Scaffolding Services division. At present, there are currently 18 construction projects utilising the Pik Lik scaffolding system, and these projects are still ongoing.

Looking ahead to 2020, the Group will continue focus on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. In the meantime, the Group will strictly adhere to its cost control policy, and swiftly adjust business strategies to 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

For the three months and nine months ended 31 January 2020, revenue decreased by approximately 26% and 18% respectively as compared with the corresponding periods in the preceding financial year. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding business and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses increased from approximately HK\$31.1 million to approximately HK\$33.0 million due to the recognition of equity settled-share-based payment of approximately HK\$2.8 million. Finance costs increased from approximately HK\$6.4 million to approximately HK\$6.9 million. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

Capital Structure

As at 31 January 2020, the Group had shareholders’ equity of approximately HK\$630.0 million (30 April 2019: approximately HK\$646.0 million).

SIGNIFICANT INVESTMENTS

As at 31 January 2020, the equity instruments at fair value through other comprehensive income (“FVTOCI”) of the Group amounted to approximately HK\$10.0 million and financial assets at fair value through profit or loss (“FVTPL”) of the Group amounted to approximately HK\$25.0 million. Given that securities investment is one of the Group’s ordinary principal businesses, the Directors considered that (i) investments with a carrying amount that account for more than 5% of the Group’s audited net assets as at 31 January 2020; (ii) investments with a carrying amount that account for more than 5% of the Group’s total securities investment as at 31 January 2020; or (iii) investments which recorded realised or unrealised gain/(loss) or impairments or increase/(decrease) in FVTOCI reserve of over HK\$5 million during the Reporting Period as significant investments.

Description of investments	Notes	Carrying amount	Acquisition	Disposal	Increase/	Fair value	Carrying	Percentage to	Percentage to	Percentage to
		as at 1 May 2019	during the period	during the period	(decrease) in FVTOCI/ investment revaluation reserve	gain/(loss) and gain/(loss) on disposal recognised in profit or loss	amount as at 31 January 2020	the Group’s audited net assets as at 31 January 2020	the Group’s audited total assets as at 31 January 2020	the Group’s total securities investment as at 31 January 2020
		HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000			
Equity instruments at FVTOCI										
Capital VC Limited (“Capital VC”) (stock code: 2324)	(a)	3,921	-	-	(1,307)	-	2,614	0.43%	0.32%	7.46%
Equity securities listed in Hong Kong	(b)	728	-	-	156	-	884	0.14%	0.11%	2.52%
Unlisted investment funds, at fair value	(c)	6,597	-	-	(81)	-	6,516	1.06%	0.80%	18.59%
Unlisted investment, at cost		332	-	-	(332)	-	-	-	-	-
		<u>11,578</u>	<u>-</u>	<u>-</u>	<u>(1,564)</u>	<u>-</u>	<u>10,014</u>	<u>1.63%</u>	<u>1.23%</u>	<u>28.57%</u>
Financial assets at FVTPL										
Convertible bonds (“CB”) of China e-Wallet Payment Group Limited (formerly known as RCG Holdings Limited) (“China e-Wallet”) (stock code: 802)	(d)	14,855	-	(15,000)	-	145	-	-	-	-
China New Economy Fund Limited (“CNEFL”) (stock code: 80)	(e)	5,043	593	(670)	-	(1,534)	3,432	0.56%	0.42%	9.79%
China Investments and Finance Group Limited (“CIFL”) (stock code: 1226)	(f)	7,176	-	-	-	(3,128)	4,048	0.66%	0.50%	11.55%
JiaChen Holding Group Limited (“JiaChen”) (stock code: 1937)	(g)	-	5,937	-	-	(3,451)	2,486	0.40%	0.30%	7.09%
Brainhole Technology Limited (“BTL”) (stock code: 2203)	(h)	-	9,996	-	-	(5,035)	4,961	0.81%	0.61%	14.16%
Hao Wen Holdings Limited (“Hao Wen”) (stock code: 8019)	(i)	4,288	-	-	-	(2,275)	2,013	0.33%	0.25%	5.74%
Equity securities listed in Hong Kong	(j)	9,400	5,079	(3,924)	-	(2,462)	8,093	1.32%	0.99%	23.10%
		<u>40,762</u>	<u>21,605</u>	<u>(19,594)</u>	<u>-</u>	<u>(17,740)</u>	<u>25,033</u>	<u>4.08%</u>	<u>3.07%</u>	<u>71.43%</u>
		<u>52,340</u>	<u>21,605</u>	<u>(19,594)</u>	<u>(1,564)</u>	<u>(17,740)</u>	<u>35,047</u>	<u>5.71%</u>	<u>4.30%</u>	<u>100.00%</u>

Notes:

- (a) Capital VC and its subsidiaries (collectively referred to as the “Capital VC Group”) were principally engaged in investing in listed and unlisted companies.

As at 31 January 2020, the Group held 93,380,000 shares of Capital VC, which represented approximately 3.39% of total issued share capital of Capital VC at the same date.

As disclosed in the interim report of Capital VC for the six months ended 31 March 2019, Capital VC expects that the investment environment in the US and other advanced economies will be challenging in short to medium terms. In Asia, the China economy affected by the trade war is normally expected. As such, the directors of Capital VC will continue to adopt cautious measures to manage the Capital VC Group’s investment portfolio.

- (b) As at 31 January 2020, equity securities listed in Hong Kong under the category of equity instruments at FVTOCI represented the Group’s investments in two companies whose shares are listed on the Main Board of the Stock Exchange. Each of such investments had a carrying amount that account for (i) less than 5% of the Group’s audited net assets as at 31 January 2020 and (ii) less than 5% of the Group’s total securities investment as at 31 January 2020, and each of such investment did not record a realised or unrealised gain/(loss) or impairments or increase/(decrease) in FVTOCI reserve of over HK\$5 million during the Reporting Period.
- (c) There were two unlisted investment fund in this category, one of which was held for an identified long term strategic purpose and the Group does not intend to dispose it in the foreseeable future. The fair value of this fund has been determined by reference to the quotation provided by the fund manager of this fund as at 31 January 2020.
- (d) This investment represented the subscription of CB of China e-Wallet in the total amount of HK\$15,000,000 with an interest rate of 2.5% per annum of the principal amount and the conversion price being HK\$0.25 per conversion share. The CB matured 36 months from the issuing date (i.e. 14 October 2016).

As at 14 October 2019, the CB was fully redeemed by China e-Wallet.

- (e) CNEFL was principally engaged in investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of the mainland China, Hong Kong, Macau and Taiwan.

As at 31 January 2020, the Group held 53,620,000 shares of CNEFL, which represented approximately 3.86% of total issued share capital of CNEFL at the same date.

As disclosed in the interim announcement of CNEFL for the six months ended 30 June 2019, CNEFL expects that the US Federal Reserve will be more cautious about cutting interest rate and there will be possibly one more cut by the end of 2019. CNEFL also believes that the change in global monetary policies will escalate the volatility in global equity market. CNEFL will continue to deploy an investment strategy focusing on Greater China and other global major markets. With their professional investment and risk management team, the management of CNEFL is confident to capture valuable investment opportunities to maximise profit for their shareholders.

- (f) CIFL and its subsidiaries (collectively referred to as the “CIFL Group”) were principally engaged in securities trading and investment holding.

As at 31 January 2020, the Group held 92,000,000 shares of CIFL, which represented approximately 4.08% of total issued share capital of CIFL at the same date.

As disclosed in the annual report of CIFL for the year ended 31 March 2019, CIFL expects that (i) the global market will continue to face greater challenges and be full of uncertainty, developed economies are beginning to have signs of recovery, but the developing economies also have trends of adjustment; and (ii) China is also facing a slowdown in economic growth, economic structure has undergone significant changes during the transition from medium to long term, crisis and opportunities coexist. Accordingly, the directors of CIFL will continue to take a prudent approach in managing the CIFL Group’s investment portfolio and develop the investment strategies. Given the increasing influence of China against the global economy, the CIFL Group will still be based mainly on Chinese economy, the CIFL Group will continue to look for investment opportunities which offer outstanding returns under the acceptable risk in the portfolio of the CIFL Group.

- (g) Jiachen and its subsidiaries (collectively referred to as the “Jiachen Group”) were principally engaged in the manufacturing and sales of access flooring products and provide related installation services with its headquarters based in Changzhou City, Jiangsu Province, the PRC.

As at 31 January 2020, the Group held 11,205,000 shares of Jiachen, which represented approximately 1.12% of total issued share capital of Jiachen at the same date.

As disclosed in the listing documents of global offering of Jiachen, the Jiachen Group’s products mainly consist of: (i) steel access flooring products; and (ii) calcium sulfate access flooring products. Their access flooring products have been generally applied in office buildings in the PRC with characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

- (h) BTL and its subsidiaries (collectively referred to as the “BTL Group”) were principally engaged in the assembly, packaging and sales of self-manufactured discrete semiconductors with a primary focus on applications for smart consumer electronic devices, and trading of semiconductors sourced from third-party suppliers.

As at 31 January 2020, the Group held 14,810,000 shares of BTL, which represented approximately 1.85% of total issued share capital of BTL at the same date.

As disclosed in the interim announcement of BTL for the six months ended 30 June 2019, the BTL Group expects the principal uncertainties in the market would continue to evolve around the Sino-American trade negotiations, the “Brexit” negotiations and other global geopolitical factors which are expected to affect consumers’ behavior. These factors will indirectly impact the BTL Group’s sales performance. Also the semiconductor industry is characterised by rapid technological changes and evolving industry standards and an effective quality assurance system is critical to the success of the BTL Group. To manage risks arising from these uncertainties, the BTL Group intends to explore other possible business opportunities in mainland China and to expand technological applications to the smart living sector with a view to diversifying the BTL Group’s risk portfolio and expanding its business to enhance its shareholders’ equity.

- (i) Hao Wen and its subsidiaries (collectively referred to as the “Hao Wen Group”) were principally engaged in money lending business, trading and manufacturing of biomass fuel product, and processing and trading of electronic parts.

As at 31 January 2020, the Group held 87,500,000 shares of Hao Wen, which represented approximately 4.08% of total issued share capital of Hao Wen at the same date.

As disclosed in the first quarterly report of Hao Wen for the three months ended 31 March 2019, the Hao Wen Group considered that it is vital and necessary for the Hao Wen Group to dedicate more efforts on the processing and trading of electronics parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business.

- (j) Equity securities listed in Hong Kong under the category of financial assets at FVTPL represented the Group's investments in over ten companies whose shares were listed on the Main Board or GEM of the Stock Exchange during the reporting period. Each of such investments (i) had a carrying amount that account for less than 5% of the Group's audited net assets as at 31 January 2020 and less than 5% of the Group's total securities investment as at 31 January 2020, and (ii) did not record over HK\$5 million of realised or unrealised gain/(loss) during the Reporting Period.

The Directors expect that the stock market in Hong Kong remains to be volatile in 2020 which may affect the performance of the Group's securities investments. Looking forward, the Board believes that the performance of the securities investments of the Group will be dependent on the financial and operating performance of investee companies and market sentiment which are affected by factors such as interest rate movements, the threat of trade war between the US and China, the protest crisis in Hong Kong, the outbreak of COVID-19 and performance of the macro economy. In order to mitigate the associated risk, the Group will continuously remain cautious in the allocation of resources and the identification and capture of appropriate securities investment opportunities. It will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in the market.

Save as disclosed above, there were no significant investments held by the Group during the Reporting Period.

Material acquisitions and disposals

There were no other material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the period under review.

Share option scheme

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

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

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% of the total issued share capital of the Company in issue, unless (a) a shareholder circular is despatched to the shareholders; and (b) the shareholders approve the grant of the options in excess of the limit referred to herein. A nominal consideration of HK\$1 is payable on acceptance of each grant.

The subscription price was determined by the Board, but may not be less than the highest of (a) the closing price of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheet on the date of offer of the options or, where certain conditions set out in the Option Scheme apply, on the date of the Board proposing such grant; (b) the average of the closing prices of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer of the options or, where certain conditions set out in the Option Scheme apply, the average of the closing prices of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the Board proposing such grant; and (c) the nominal value of the shares.

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

	Date of grant	Exercisable period	Exercise price per shares <i>HK\$</i>	Outstanding at 1 May 2019	Number of share options				Outstanding as at 31 January 2020	
					Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period		
Consultants	15 September 2017	29 September 2017 to 28 September 2019	0.0186	1,149,030,000	-	(1,149,030,000)	-	-	-	
Executive director: Yuen Chun Fai	23 January 2020	6 February 2020 to 5 August 2021	0.0212	-	143,671,010	-	-	-	143,671,010	
Employee	23 January 2020	6 February 2020 to 5 August 2021	0.0212	-	143,671,010	-	-	-	143,671,010	
					<u>1,149,030,000</u>	<u>287,342,020</u>	<u>(1,149,030,000)</u>	<u>-</u>	<u>-</u>	<u>287,342,020</u>

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's by law 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 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 nine months ended 31 January 2020.

Directors' interests in contracts of significance

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

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

As at 31 January 2020, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 January 2020
Dr. So Yu Shing	Beneficial owner	3,320,000	
	Interest of spouse (<i>note</i>)	3,320,000	
		<hr/> 6,640,000	0.05%
Ms. Lai Yuen Mei, Rebecca	Beneficial owner	3,320,000	
	Interest of spouse (<i>note</i>)	3,320,000	
		<hr/> 6,640,000	0.05%
Mr. Kong Kam Wang	Beneficial owner	1,778,000	0.01%
Mr. So Wang Chun, Edmond	Beneficial owner	800,000	0.01%

Note: Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.

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

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

As at 31 January 2020, so far as are known to any Directors or chief executive of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO:

Long positions

Name	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company as at 31 January 2020
Leung Wai Ho	Beneficial owner	1,600,000,000 (<i>note a</i>)	11.14%
Chong Man San, Denise	Beneficial owner	1,600,000,000 (<i>note a</i>)	11.14%

Notes:

- (a) Ms. Chong Man San Denise is the spouse of Mr. Leung Wai Ho.

Save as disclosed above, as at 31 January 2020, the Directors were not aware of any other person (other than a Director or the chief executive of the Company) who had an interest or short position in the shares or underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

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

CORPORATE GOVERNANCE

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

COMPETING INTERESTS

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

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Kong Kam Wong	KNK Holdings Limited (Stock Code: 8039)	Provision of comprehensive architectural and structural engineering consultancy service	Independent non-executive director
Law Man Sang	KGI Asia Limited	Securities brokerage	Executive director

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

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

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. Law Man Sang, Ms. Lam Wai Yu and Mr. Lo Ka Ki.

The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-year report and quarterly reports and 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 third quarterly results for the nine months ended 31 January 2020 have not been audited by the Company’s auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

SUFFICIENCY OF PUBLIC FLOAT

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

On behalf of the Board
So Yu Shing
Chairman

Hong Kong, 13 March 2020

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