



WLS Holdings Limited
滙隆控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8021)

Interim Report 2021/2022

* *For identification purpose only*

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

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

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

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

The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2021 together with the comparative figures for the corresponding periods in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 31 October 2021

	Notes	Three months ended 31 October		Six months ended 31 October	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	50,902	31,180	103,572	63,479
Cost of sales		(28,531)	(15,613)	(61,071)	(31,777)
Gross profit		22,371	15,567	42,501	31,702
Other income	5	511	3,829	775	4,896
Other gains and (losses)	6	(26,644)	(49,804)	(18,830)	(55,415)
Operating and administrative expenses		(11,627)	(11,161)	(20,955)	(21,041)
Gain on disposal of a subsidiary	7	-	-	29,261	-
Gain on disposal of property, plant and equipment		-	818	-	818
Finance costs	8	(2,106)	(2,353)	(4,478)	(4,580)
Profit (Loss) before taxation		(17,495)	(43,104)	28,274	(43,620)
Taxation	9	217	(663)	(1,469)	(1,394)
Profit (Loss) for the period from continuing operations	10	(17,278)	(43,767)	26,805	(45,014)
Discontinued operation					
Loss for the period from discontinued operation		-	(1,489)	-	(3,207)
Profit (loss) for the period		(17,278)	(45,256)	26,805	(48,221)
Profit (loss) for the period attributable to owners of the Company:					
- from continuing operations		(15,955)	(44,320)	27,818	(45,752)
- from discontinued operation		-	(1,489)	-	(3,207)
		(15,955)	(45,809)	27,818	(48,959)
(Loss) profit for the period attributable to non-controlling interests:					
- from continuing operations		(1,323)	553	(1,013)	738
		(17,278)	(45,256)	26,805	(48,221)

	<i>Notes</i>	Three months ended 31 October		Six months ended 31 October	
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
From continuing and discontinued operations					
Earnings (loss) per share					
– basic	12	<u>(HK\$0.111 cent)</u>	<u>(HK\$0.319 cent)</u>	<u>HK\$0.194 cent</u>	<u>(HK\$0.341 cent)</u>
– diluted		<u>(HK\$0.110 cent)</u>	<u>(HK\$0.319 cent)</u>	<u>HK\$0.190 cent</u>	<u>(HK\$0.341 cent)</u>
From continuing operations					
Earnings (loss) per share					
– basic		<u>(HK\$0.111 cent)</u>	<u>(HK\$0.308 cent)</u>	<u>HK\$0.194 cent</u>	<u>(HK\$0.318 cent)</u>
– diluted		<u>(HK\$0.110 cent)</u>	<u>(HK\$0.308 cent)</u>	<u>HK\$0.190 cent</u>	<u>(HK\$0.318 cent)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2021

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss) for the period	(17,278)	(45,256)	26,805	(48,221)
Other comprehensive income (expense):				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(286)	3,060	(184)	2,182
Disposal of equity instruments at FVTOCI	(14)	–	–	–
Other comprehensive expense for the period, net of taxation	(300)	3,060	(184)	2,182
Total comprehensive income (expense) for the period	(17,578)	(42,196)	26,621	(46,039)
Total comprehensive income (expense) for the period attributable to owners of the Company:				
– from continuing operations	(16,255)	(41,260)	27,634	(43,570)
– from discontinued operation	–	(1,489)	–	(3,207)
	(16,255)	(42,749)	27,634	(46,777)
Total comprehensive (expense) income attributable to non-controlling interests:				
– from continuing operations	(1,323)	553	(1,013)	738
	(17,578)	(42,196)	26,621	(46,039)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2021 (Unaudited) <i>HK\$'000</i>	At 30 April 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	13	6,173	4,284
Right-of-use assets	13	4,500	3,315
Equity instruments at FVTOCI	21	7,777	9,852
Loan and interest receivables	14	301,845	266,429
Deposits and other receivables		953	791
Deferred tax assets		9,874	9,793
		331,122	294,464
Current assets			
Loan and interest receivables	14	206,068	205,746
Prepayments, deposits and other receivables		14,600	13,796
Trade receivables	15	35,302	25,662
Contract assets	16	14,612	9,970
Inventories		1,341	1,226
Financial assets at fair value through profit or loss ("FVTPL")	21	79,398	64,643
Tax recoverable		13	13
Bank balances and cash – trust account		2	2
Bank balances and cash – general accounts		33,763	44,053
Pledge bank deposits		64,500	–
		449,599	365,111
Assets classified as held for sales		–	51,490
		449,599	416,601
Current liabilities			
Trade and other payables	17	39,277	31,072
Contract liabilities		9,405	6,767
Lease liabilities	13	7,103	3,809
Retention monies payables		4,678	3,411
Tax payable		2,046	648
Bank borrowings	18	42,989	47,859
Other borrowings	19	110,000	80,000
Bank overdrafts	18	27,017	21,812
		242,515	195,378
Liabilities associated with assets classified as held for sales		–	6,305
		242,515	201,683
Net current assets		207,084	214,918
Total assets less current liabilities		538,206	509,382

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 October 2021 (Unaudited) HK\$'000	At 30 April 2021 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities	<i>13</i>	2,427	305
Deferred tax liabilities		270	189
		<u>2,697</u>	<u>494</u>
Net assets		<u>535,509</u>	<u>508,888</u>
Capital and reserves			
Share capital	<i>20</i>	143,670	143,670
Reserves		<u>405,317</u>	<u>377,683</u>
Equity attributable to the owners of the Company		<u>548,987</u>	521,353
Non-controlling interests		<u>(13,478)</u>	<u>(12,465)</u>
Total equity		<u>535,509</u>	<u>508,888</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2021

	Attributable to the owners of the Company									
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note a)</i>	<i>HK\$'000</i> <i>(Note b)</i>	<i>HK\$'000</i> <i>(Note c)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 May 2020 (audited)	143,670	560,230	191,087	2,222	2,801	(38,366)	(324,015)	537,629	(13,280)	524,349
(Loss) income for the period	-	-	-	-	-	-	(48,959)	(48,959)	738	(48,221)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	2,182	-	2,182	-	2,182
Total comprehensive (expense) income for the period	-	-	-	-	-	2,182	(48,959)	(46,777)	738	(46,039)
At 31 October 2020 (unaudited)	143,670	560,230	191,087	2,222	2,801	(36,184)	(372,974)	490,852	(12,542)	478,310
At 1 May 2021 (audited)	143,670	560,230	191,087	2,222	1,379	(37,706)	(339,529)	521,353	(12,465)	508,888
Profit (loss) for the period	-	-	-	-	-	-	27,818	27,818	(1,013)	26,805
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(184)	-	(184)	-	(184)
Disposal of equity instruments at FVTOCI	-	-	-	-	-	444	(444)	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	-	260	27,374	27,634	(1,013)	26,621
Lapse of share options	-	-	-	-	(1,379)	-	1,379	-	-	-
At 31 October 2021 (unaudited)	143,670	560,230	191,087	2,222	-	(37,446)	(310,776)	548,987	(13,478)	535,509

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2021

	Six months ended 31 October	
	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash (used in) operating activities	(29,276)	(21,378)
Net cash (used in) investing activities		
Purchases of property, plant and equipment	(1,098)	(93)
Placement of rental deposit	(2,776)	–
Proceeds from disposal of equity instruments at FVTOCI	2,580	–
Purchase of equity instruments at FVTOCI	(690)	–
Proceeds from disposal of financial assets at FVTPL	8,071	3,048
Purchases of financial assets at FVTPL	(13,126)	(12,739)
Proceeds from disposal of property, plant and equipment	–	818
Net proceeds from disposal of a subsidiary	66,919	–
Placement of pledge bank deposits	(64,500)	–
Other investing activities	57	71
	(4,563)	(8,895)
Net cash generated from financing activities		
New bank borrowings raised	69,328	12,668
Proceeds from other borrowings, net of issue cost	30,000	60,000
Repayments of lease liabilities	(2,501)	(1,782)
Repayment of other borrowings	–	(54,000)
Repayment of bank borrowings	(74,198)	(11,780)
Interest paid	(4,312)	(4,403)
Other financing activities	–	(177)
	18,317	526
Net decrease in cash and cash equivalents	(15,522)	(29,747)
Cash and cash equivalents at 1 May	22,268	82,974
Cash and cash equivalents at 31 October	6,746	53,227
Analysis of cash and cash equivalents at end of the period		
From continuing operations:		
Bank balances and cash – general accounts	33,763	63,007
Bank overdrafts	(27,017)	(18,377)
	6,746	44,630
From discontinued operation:		
Bank balance and cash – general accounts	–	8,597
	6,746	53,227

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

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

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

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 October 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2021.

Amendments to HKFRSs that are mandatorily effective for the current period In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 May 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

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

3. Revenue

Disaggregation of revenue from contracts with customers

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers:				
Contract revenue in respect of scaffolding, fitting out and other auxiliary services for construction and building work	35,711	17,891	74,631	37,797
Assets management business	615	321	1,298	789
	<u>36,326</u>	<u>18,212</u>	<u>75,929</u>	<u>38,586</u>
Revenue from other sources:				
Loan interest income	14,576	12,968	27,643	24,893
Total revenue	<u>50,902</u>	<u>31,180</u>	<u>103,572</u>	<u>63,479</u>
Timing of revenue recognition				
Over time	<u>36,326</u>	<u>18,212</u>	<u>75,929</u>	<u>38,586</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 period ended 31 October 2021, the Group has four operating and reportable segments – (i) scaffolding, fitting out and other auxiliary services for construction and buildings work, (ii) money lending business, (iii) securities investment business, and (iv) assets management business. These segments are managed separately as they belong to different industries and require different operating systems and strategies.

The following is an analysis of the Group's revenue by operating and reputable segment.

4. Segment information (Continued)

For the six months ended 31 October 2021

	Scaffolding, fitting out and other auxiliary services for construction and buildings work HK\$'000	Money lending business HK\$'000	Securities investment business HK\$'000	Assets management business HK\$'000	Consolidated HK\$'000
REVENUE					
External revenue	74,631	27,643	-	1,298	103,572
Other gains and (losses)	-	-	9,699	-	9,699
Net impairment losses recognised arising from ECL	(2,942)	(25,587)	-	-	(28,529)
Other income	363	-	-	9	372
Total	72,052	2,056	9,699	1,307	85,114
Segment result	(408)	(13,345)	22,845	(256)	8,836
Gain on disposal of property, plant and equipment					-
Gain on disposal of a subsidiary					29,261
Finance costs					(4,478)
Unallocated corporate income					403
Unallocated corporate expenses					(5,748)
Profit before taxation					28,274

For the six months ended 31 October 2020

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

5. Other income

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i> (Restated)	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i> (Restated)
Rental income	–	267	67	452
Sundry income	118	3,549	269	4,372
Government subsidy	26	–	26	–
Interest income	11	14	57	70
Foreign exchange (loss) gain, net	–	(1)	–	2
Reversal of write off of account receivables	356	–	356	–
	<u>511</u>	<u>3,829</u>	<u>775</u>	<u>4,896</u>

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

6. Other gains and (losses)

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Fair value gain (loss) on financial assets at FVTPL, net	723	(2,099)	8,220	(7,706)
Gain on disposal of financial assets at FVTPL	1,162	425	1,479	421
Net impairment losses (recognised) reversed arising from ECL on:				
– Loan and interest receivables	(25,587)	(49,791)	(25,587)	(49,791)
– Trade receivables	(2,972)	1,868	(2,972)	1,868
– Contract assets	30	(207)	30	(207)
	<u>(26,644)</u>	<u>(49,804)</u>	<u>(18,830)</u>	<u>(55,415)</u>

7. Gain on disposal of a subsidiary

On 8 February 2021, WLS (BVI) Limited (“WLS (BVI)”), a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement (“S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”), pursuant to which the WLS (BVI) conditionally agreed to sell and assign the benefit of, 100,000 ordinary shares in the issued and fully paid-up share capital of Wui Loong Holdings Company Limited (“Wui Loong Holdings”), a wholly-owned subsidiary of WLS (BVI), (the “Sale Shares”) which was engaged in investment property. The buyer agreed to purchase and take the assignment the Sale Shares for a consideration of HK\$76.0 million together with HK\$2 million related loan income.

As the Buyer is ultimately beneficially owned by Mr. So Yu Shing, the chairman of the Board and an executive Director, and Lai Yuen Mei, Rebecca, an executive Director, the Buyer is therefore a connected person of the Company under the GEM Listing Rules.

The special general meeting of the Company was held on 23 April 2021 and the Disposal has been completed on 31 May 2021.

Gain on disposal of the subsidiaries amounted to HK\$29,261,000 was analysed as follows:

	<i>HK\$'000</i>
Consideration received	76,038
Related loan income	2,000
	<u>78,038</u>
Investment property	44,400
Property, plant and equipment	
– Leasehold land and buildings	6,065
– Furniture and fixtures	182
Deposits and other receivables	201
Bank balances and cash	120
Tax recoverable	610
Trade and other payables	(231)
Other loans	(6,000)
Deferred tax liability	(101)
Net assets disposed of	<u>45,246</u>
Gain on disposal of subsidiaries:	
Consideration received	76,038
Related loan income	2,000
Net assets disposed of	(45,246)
Transaction costs	(458)
Sales and leaseback arrangement	(3,073)
Gain on disposal of a subsidiary	<u>29,261</u>
Net cash inflow arising from disposal for the period:	
Consideration received	76,038
Related loan income	2,000
Deposit already received in prior year	(7,588)
	<u>70,450</u>
Transaction costs	(458)
Less: Sales and leaseback arrangement	(3,073)
Net cash inflow	<u>66,919</u>

8. Finance costs

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and bank overdrafts	236	492	973	855
Interest on other borrowings	1,786	1,792	3,339	3,548
Interest on leases liabilities	84	69	166	177
	<u>2,106</u>	<u>2,353</u>	<u>4,478</u>	<u>4,580</u>

9. Taxation

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Taxation comprises:				
Hong Kong Profits Tax				
Current period charged (credited)	(217)	663	1,469	1,394
	<u>(217)</u>	<u>663</u>	<u>1,469</u>	<u>1,394</u>

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%.

10. Profit (loss) for the period

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	445	409	895	1,178
Depreciation of right-of-use assets	1,098	2,461	2,115	4,160
Provision of allowance for ECL	28,529	48,130	28,529	48,130

11. Dividend

No dividend were paid, declared or prepared during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (2020: nil).

12. Loss per share

Basic and diluted loss per share

(a) From continuing and discontinued operations

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

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share	<u>(15,955)</u>	<u>(45,809)</u>	<u>27,818</u>	<u>(48,959)</u>
	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	14,367,101,072	14,367,101,072	14,367,101,072	14,367,101,072
Effect of dilutive potential ordinary shares in respect of share options	<u>133,234,385</u>	<u>221,687,353</u>	<u>241,662,006</u>	<u>247,936,843</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>14,500,335,457</u>	<u>14,588,788,425</u>	<u>14,608,763,078</u>	<u>14,615,037,915</u>

(b) From continuing operations

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

	Three months ended 31 October		Six months ended 31 October	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period from continuing operations	<u>(15,955)</u>	<u>(44,320)</u>	<u>27,818</u>	<u>(45,752)</u>

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

13. Movements in property, plant and equipment and right-of-use assets

During the six months ended 31 October 2021, the Group spent approximately HK\$1,098,000 (six months ended 31 October 2020: approximately HK\$93,000) on the acquisition of property, plant and equipment.

The Group obtains rights to control the use of warehouse for fixed lease term of two years. On 31 October 2021, the Group recognised right-of-use assets of approximately HK\$4,500,000 (unaudited) and lease liabilities of approximately HK\$9,530,000 (unaudited).

14. Loan and interest receivables

	At 31 October 2021 (Unaudited) <i>HK\$'000</i>	At 30 April 2021 (Audited) <i>HK\$'000</i>
Amounts fall due within one year	235,071	205,746
Amounts fall due within one to second year	232,231	185,107
Amounts fall due within second to fifth year	40,611	81,322
	<u>507,913</u>	<u>472,175</u>

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

	At 31 October 2021 (Unaudited) <i>HK\$'000</i>	At 30 April 2021 (Audited) <i>HK\$'000</i>
Amounts secured with guarantor	2,395	34,471
Amounts secured with securities (<i>Note a</i>)	106,417	98,960
Amounts secured with properties (<i>Note b</i>)	–	8,002
Amounts unsecured	399,101	330,742
	<u>507,913</u>	<u>472,175</u>

Notes:

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

15. Trade receivables

	At 31 October 2021 (Unaudited) <i>HK\$'000</i>	At 30 April 2021 (Audited) <i>HK\$'000</i>
Trade receivables from		
– Scaffolding, fitting out and other auxiliary services for construction and buildings work (<i>Note a</i>)	39,115	33,537
Less: Allowance for credit losses	(3,813)	(7,875)
	<u>35,302</u>	<u>25,662</u>

15. Trade receivables (Continued)

Notes:

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

	At 31 October 2021 (Unaudited) HK\$'000	At 30 April 2021 (Audited) HK\$'000
Within 90 days	30,739	21,943
91 to 180 days	2,926	3,133
181 to 365 days	1,466	236
Above 1 year	171	350
	<u>35,302</u>	<u>25,662</u>

As at 31 October 2021, ECL allowance made in respect of trade receivables from scaffolding, fitting out and other auxiliary services for construction and building work was approximately HK\$2,972,000 (30 April 2021: approximately HK\$3,649,000).

16. Contract assets

	At 31 October 2021 (Unaudited) HK\$'000	At 30 April 2021 (Audited) HK\$'000
Contract assets from scaffolding, fitting out and other auxiliary services for construction and buildings works		
Analysed as current:		
Unbilled revenue (Note a)	7,822	6,277
Retention monies receivable (Note b)	6,790	3,693
	<u>14,612</u>	<u>9,970</u>

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

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

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

17. Trade and other payables

	At 31 October 2021 (Unaudited) HK\$'000	At 30 April 2021 (Audited) HK\$'000
Within 90 days	10,629	7,103
91 to 180 days	3,396	1,299
181 to 365 days	1,352	195
More than 365 days	1,436	2,175
Total trade payables	<u>16,813</u>	<u>10,772</u>
Other payables	15,549	7,616
Deposit received from the Disposal	–	7,588
Accruals	6,915	5,096
Total trade and other payables	<u><u>39,277</u></u>	<u><u>31,072</u></u>

18. Bank borrowings and bank overdrafts

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

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

19. Other borrowings

Other borrowings represented the coupon bonds issued by the Group.

Gold Medal Hong Kong Limited ("Gold Medal"), an indirect wholly-owned subsidiary of the Company, issued a 5-year 8% coupon bond in the principal amount of HK\$42,000,000 on 31 October 2020 which were secured by the Company's corporate guarantee to refinance the 2-year 8% coupon bond in the principal amount of HK\$54,000,000 issued by Gold Medal on 12 September 2018. The whole principal amount is repayable at the date of its maturity. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

During the year ended 30 April 2021, a 3-year 8.5% coupon unlisted straight bonds at a nominal value of HK\$20,000,000 was issued by Gold Medal on 28 October 2019 which were secured by the Company's corporate guarantee. The bondholder may request early redemption of the bond after one year of the issuance date of the bond.

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

During the period ended 31 October 2021, WLS Holdings Limited ("WLS Holdings") issued a 2-year 6.5% coupon bond in the principal amount of HK\$20,000,000 on 4 June 2021. Furthermore, a 2-year 11% coupon bond in the principal amount of HK\$5,000,000 and a 2-year 6.5% coupon bond in the principal amount of HK\$5,000,000 were issued by WLS Holdings on 19 August 2021.

20. Share capital

	Par value HK\$	No. of shares	Amount HK\$'000
Authorised:			
At 1 May 2020, 30 April 2021 and 31 October 2021	0.01	40,000,000,000	400,000
Issued and fully paid:			
At 1 May 2020, 30 April 2021 and 31 October 2021	0.01	14,367,101,072	143,670

21. Fair value measurements of financial instruments

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 October 2021 (Unaudited)	30 April 2021 (Audited)			
Held for trading non-derivative financial assets classified as financial assets at FVTPL	Hong Kong listed equity securities – HK\$79,398,000	Hong Kong listed equity securities – HK\$64,643,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A
Non-derivative financial assets classified as equity instruments at FVTOCI	Hong Kong listed equity securities – HK\$4,084,000	Hong Kong listed equity securities – HK\$3,446,000	Level 1	Bid prices quoted in active markets in Hong Kong.	N/A
Unlisted investment fund classified as financial assets at FVTOCI	Unquoted investment fund that is not trade in an active market – HK\$3,693,000	Unquoted investment fund that is not trade in an active market – HK\$6,406,000	Level 2	Quoted price based on the net assets value of the fund which is determined with reference to observable (quoted) prices of underlying investment portfolio and adjustment of related expenses.	N/A

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

22. Related parties disclosures

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

	Six months ended 31 October	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from a staff and a director of a subsidiary	2	5
Management fee income from a related company (<i>Note a</i>)	60	–
Commission fee income from a related company (<i>Note a</i>)	133	–
Commission expense paid to a related company (<i>Note a</i>)	(752)	(503)
Patent expense paid to a director of the Company (<i>Note b</i>)	(600)	–
	<u> </u>	<u> </u>

Notes:

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

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

	Six months ended 31 October	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term benefits	5,505	5,676
Post-employment benefits	80	90
	<u> </u>	<u> </u>
	<u>5,585</u>	<u>5,766</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 31 October 2021 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$103.6 million (For the same period of 2020: HK\$63.5 million), representing an increase of approximately 63.1% compared to the corresponding period in 2020. Net profit attributable to owners of the Company from continuing operations during the Reporting Period was approximately HK\$27.8 million (For the same period of 2020: net loss attributable to owners of the Company from continuing operations of approximately HK\$45.8 million). The increase in revenue was mainly due to the increase in contract revenue generated from scaffolding, fitting out and other auxiliary services for construction and buildings work and increase in revenue generated from money lending business during the Reporting Period. Also, the increase in net profit attributable to owners of the Company from continuing operations was mainly due to (i) the significant decrease in the recognition of expected credit losses on the balances under the contract assets, trade and loan receivables by approximately HK\$19.6 million for the Reporting Period as compared to the corresponding period in 2020; (ii) one-off gain on disposal of a subsidiary of approximately HK\$29.3 million during the Reporting Period; (iii) a significant increase in the fair value gain incurred in the Group’s securities investment portfolios by approximately HK\$15.9 million while the fair value loss incurred in the Group’s securities investment portfolios of approximately HK\$7.7 million was recorded in the corresponding period in 2020; and (iv) the increase in the gross profit of the Group amounted to approximately HK\$10.8 million for the Reporting Period as compared to the corresponding period in 2020. During the Reporting Period, our money lending business continued to contribute stable revenue to the Group and served as one of the major income sources of the Group.

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

The scaffolding, fitting out and other auxiliary services for construction and buildings work was the largest business segment during the Reporting Period. This segment includes scaffolding services, fitting out and other auxiliary services for construction and buildings work. During the Reporting Period, revenue from this segment was approximately HK\$74.6 million, representing a significant increase of approximately HK\$36.8 million as compared to the corresponding period in 2020, due to the Group awarded a total of 28 new construction contracts for the year ended 30 April 2021 (For the year ended 30 April 2020: 12 new construction contracts) and it leads more contract revenue from this segment was recognised as most of them are in progress during the Reporting Period compared to the corresponding period in 2020.

Scaffolding Services

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

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

Leveraging the widespread recognition of the impeccable quality of services and the strong relationships nurtured with clientele, the Group receives positive feedback and prominent business support and takes pride in being one of the leading scaffolding service providers in Hong Kong. During the Reporting Period, the Group provided scaffolding services to 49 ongoing projects, 11 of which were completed on schedule and 5 new contracts were awarded.

Fitting out Services

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

Other Auxiliary Services for Construction and Buildings Work

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

Money Lending Business

Under the economic impacts from the outbreak of COVID-19 during the Reporting Period, there is an increasing trend for more corporations and individuals to obtain loans for financing to reduce the cash-flow pressure on them and lessen such local economic impacts of the outbreak. With relatively attractive interest returns on short-term and long-term loans during the Reporting Period, the Group recorded an increase of the revenue in this segment during the Reporting Period.

The business segment generated an increase of revenue to the Group and the Group recorded a turnover of approximately HK\$27.6 million during the Reporting Period (For the same period of 2020: approximately HK\$24.9 million). The principal amount of the loans granted ranged from HK\$0.2 million to HK\$25.0 million with interest rates ranging from 7.0% to 40.5% per annum during the Reporting Period.

Securities Investment Business

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

The Group recorded a net fair value gain of approximately HK\$8.2 million (For the same period of 2020: net loss of approximately HK\$7.7 million) and gain on disposal of approximately HK\$1.5 million (For the same period of 2020: approximately HK\$421,000) on its investment portfolio for the Reporting Period, which was mainly due to the upward trend of the stock market in Hong Kong. The Group foresees that the global economy will be getting better in year 2021/2022 as a result of the vaccine coming out for COVID-19 pandemic. The investment committee will continue to monitor the Group’s investment portfolio closely in order to maximum shareholders’ returns.

Assets Management Business

Following the acquisition of the entire issued share capital of Blue Pool Ventures Limited (“Blue Pool”), the holding company of Mass Fidelity Asset Management Limited (“Mass Fidelity”), a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. During the Reporting Period, the assets management business recorded a turnover of approximately HK\$1.3 million (For the same period of 2020: approximately HK\$789,000).

Disposal of a subsidiary

On 8 February 2021, WLS (BVI) Limited (“WLS (BVI)”), a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement (“S&P Agreement”) with Sun Wui Property Development Limited (the “Buyer”), pursuant to which the WLS (BVI) conditionally agreed to sell and assign the benefit of, 100,000 ordinary shares in the issued and fully paid-up share capital of Wui Loong Holdings Company Limited (“Wui Loong Holdings”), a wholly-owned subsidiary of WLS (BVI), (the “Sale Shares”), and the Buyer agreed to purchase and take the assignment of, the Sale Shares at the Consideration of approximately HK\$76.0 million together with HK\$2 million related loan income.

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

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

The special general meeting of the Company was held on 23 April 2021 and the Disposal has been completed on 31 May 2021. Details of the transaction are set out in the announcements and circular of the Company dated 8 February 2021, 31 March 2021 and 31 May 2021. After completion of the Disposal, Wui Loong Holdings has ceased to be a subsidiary of WLS (BVI). Further details of the gain on disposal of a subsidiary are set out in note 7 to the unaudited condensed consolidated financial statements in this report.

IMPACT CAUSED BY THE OUTBREAK OF COVID-19

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

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

In 2021, since the operation of the Government of HKSAR has been limited by various measures for prevention of the spread of COVID-19, the number of new construction projects and contracts approved by the relevant government department has decreased. The delivery process of construction materials imported from mainland China was also delayed by the outbreak of COVID-19 and enhanced border control for prevention of disease. In addition, less workers are available in the market due to travel restrictions, which further slowed down the progress of existing construction projects. Competition within the construction industry has become even more intense during this period as there are less new projects in the market.

In order to lower the affects by the COVID-19 as above, the Group has reviewed and flexibly adjusted the business strategies, which is to lower the construction contract price to bid more new construction contracts for the year ended 30 April 2021. The Group has awarded a total of 28 new construction contracts for the year ended 30 April 2021 (for the year ended 30 April 2020: 12 new construction contracts) and it leads more contract revenue from this segment was recognised as most of them are in progress during the Reporting Period as compared to the corresponding period in 2020.

Money Lending

Under the economic impacts of COVID-19, there is an increasing trend for more corporations and individuals to obtain loans for financing to reduce the cash-flow pressure on them and lessen such impacts. Hence, our money lending business recorded an increase in loan portfolio during the Reporting Period. On the other hand, due to global economy is getting better in year 2021/2022 as a result of the vaccine coming out for COVID-19 pandemic and the continued COVID-19 vaccination, there was a significant decrease in the recognition of expected credit losses on loan receivable by approximately HK\$24.2 million during the Reporting Period as compared to the corresponding period in 2020. Despite such difficulties, the Group will continue putting efforts in the collection procedure of loans receivable. For details of our money lending business, please refer to the section headed “Management Discussion and Analysis – Business Review – Money Lending Business” in this report.

BUSINESS OUTLOOK

As we entered calendar year 2021, the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong mean a double blow to the Hong Kong economy and further contribute to a downward trend in the Hong Kong property market.

The impacts of COVID-19 have caused pressure worldwide and dampened the development of various industries, with no exception for the scaffolding industry. In the past decade, the scaffolding industry has become increasingly competitive. On the one hand, the costs have become high together with rising labour costs, but productivity has suffered decline. In the face of a phenomenon of ageing workers, young generation unwilling to join the industry due to hard labour work and higher requirement of technological qualifications, which has affected recruitment of talents in the industry, and with heavier government regulations, without favourable factors such as labour imports, the carrying capacity of the industry may be challenged. These reflect a lack of confidence in the prospect of the scaffolding industry.

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

Looking ahead to 2021, the Group foresees that global economy will be getting better in year 2021/2022 as a result of the disbursement of HK\$5,000 electronic consumption vouchers from government and the continued COVID-19 vaccination. The Group is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance our competitiveness, the Group will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, the Group will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. The Group will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for shareholders.

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

FINANCIAL REVIEW

During the Reporting Period, revenue increased by approximately 63.2% as compared with the corresponding periods in the preceding financial year. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification in recent years. Projects in the scaffolding, fitting out and other auxiliary services for construction and buildings work and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the Reporting Period, operating and administrative expenses slightly decreased by approximately 0.4% as compared with the corresponding periods in 2020 which was mainly due to the tighten up of cost control. Finance costs slightly decreased from approximately HK\$4.6 million to approximately HK\$4.5 million. The Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

CAPITAL STRUCTURE

As at 31 October 2021, the Group had shareholders' equity of approximately HK\$549.0 million (30 April 2021: approximately HK\$521.4 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Except the Disposal disclosed under the paragraphs headed "Disposal of a subsidiary" in the section above, the Group did not have material acquisitions or disposals of subsidiaries or associates during the six months ended 31 October 2021.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 27 September 2021, the Company entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with Zhejiang Hengting Biotechnology Limited. According to the strategic cooperation agreement, both parties have reached a preliminary cooperation in sales, joint development or adopt other forms of cooperation in the construction of an innovative ecosystem of resources for the national health industry, combining the production capacity of major pharmaceutical companies, the terminal support of the health base, as well as sales and product expertise at an appropriate time. Both parties will develop a comprehensive strategic cooperation based on the principle of long-term strategic cooperation, including but not limited to equity investment, debt investment and other investments. Both parties will continue to expand the scope of cooperation according to market conditions and may hold senior management meetings from time to time to discuss the mode, direction and progress of the cooperation and other matters relating to the cooperation projects. Details are set out in the announcement of the Company dated 27 September 2021.

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

Save as the aforesaid and disclosed in the paragraphs headed "Business Outlook" above, the Group does not have any future plans for material investments or capital assets as at the date of this report.

PLEDGE OF ASSETS

As at 31 October 2021, the Group has pledged the following assets as security for the general banking facilities granted to the Group:

	At 31 October 2021 (Unaudited) HK\$'000	At 30 April 2021 (Audited) HK\$'000
Trade receivables	8,057	15,054
Contract assets	235	813
Asset classified as held for sale		
– Investment properties	–	44,400
– Leasehold land and buildings	–	5,981
	<hr/> <hr/>	<hr/> <hr/>

In addition, as at 31 October 2021, the Group's right-of-use assets of motor vehicles for the amount of HK\$701,000 (30 April 2021: HK\$995,000) are secured by the lessor's charge over the right-of-use assets.

EVENT AFTER REPORTING PERIOD

There is no important event affecting the Group which have occurred since 31 October 2021.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Reporting Period, the Group financed its operations by banking facilities, finance leases provided by banks and proceeds from issue of coupon bonds.

As at 31 October 2021, the Group's equity attributable to the owners of the Company, current assets, net current assets and total assets were approximately HK\$549.0 million (30 April 2021: approximately HK\$521.4 million), approximately HK\$449.6 million (30 April 2021: approximately HK\$416.6 million), approximately HK\$207.1 million (30 April 2021: approximately HK\$214.9 million) and approximately HK\$780.7 million (30 April 2021: approximately HK\$711.1 million) respectively.

As at 31 October 2021, the Group's bank borrowings and bank overdrafts were approximately HK\$43.0 million (30 April 2021: approximately HK\$47.9 million) and approximately HK\$27.0 million (30 April 2021: approximately HK\$21.8 million) respectively. As at 31 October 2021, the Group's other borrowings was HK\$110.0 million (30 April 2021: HK\$80.0 million). As at 31 October 2021, the lease liabilities was approximately HK\$9.5 million (30 April 2021: approximately HK\$4.1 million). As at 31 October 2021, other borrowings included (i) 3-year 8.5% coupon unlisted straight bond of HK\$20 million issued by Gold Medal, on 28 October 2019; (ii) 5-year 8% coupon bond of HK\$42 million issued by Gold Medal, on 31 October 2020; (iii) 2-year 6.5% coupon bond of HK\$20 million issued by the Company, on 4 June 2021; (iv) 2-year 11% coupon bond of HK\$5 million issued by the Company, on 19 August 2021; (v) 2-year 6.5% coupon bond of HK\$5 million issued by the Company, on 19 August 2021; and (vi) the surety bond of HK\$18 million was issued by Gold Medal on 16 September 2020 was with no interest bearing.

As at 31 October 2021, the Group's bank balances and cash in general accounts amounted to approximately HK\$33.8 million (30 April 2021: approximately HK\$44.1 million) and the Group's pledge bank deposits amounted to approximately HK\$64.5 million (30 April 2021: nil). As at 31 October 2021, the Group's gearing ratio (total debts divided by equity attributable to the owners of the Company then multiplied by 100%) was 33.2% (30 April 2021: approximately 28.8%). For calculating the gearing ratios, total debts of the Group included bank borrowings and bank overdrafts, other borrowings and lease liabilities.

As at 31 October 2021, most of the Group's bank balances and cash, bank borrowings, bank overdrafts and other borrowings were denominated in Hong Kong dollars. All the bank borrowings and bank overdrafts bore interest at variable market rates ranging from 1.01% to 1.05% per annum (2021: 1.64% to 5.25% per annum) and were repayable on demand or within one year. The lease liabilities had an average lease term ranging from one to four years (30 April 2021: one to three years) and all such leases had interest rates fixed at the contract date and fixed repayment bases.

The other borrowings represented (i) the coupon bond issued in 2019 bearing interest at 8.5% per annum and the coupon bond issued in 2020 bearing interest at 8% per annum, which will mature on the third and fifth anniversary date of the issue date, respectively. Both of the coupon bonds were secured by the Company's corporate guarantee and the bondholder may request early redemption of the bond after one year of the issuance date of the bond; (ii) the coupon bond issued in 2021 bearing interest at 6.5% per annum, which will mature on the second anniversary date of the issue date and the bondholder may request early redemption of the bond after three months of the issuance date of the bonds; (iii) the coupon bonds issued in 2021 bearing interest at 11% and 6.5% per annum respectively, which will mature on the second anniversary date of the issue date and the bondholder may request early redemption of the bonds after one month of the issuance date of the bonds; and (iv) the surety bond issued in 2020 with no interest bearing which will mature on the second anniversary date of the issue date of the bond.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 30 August 2011 (the “2011 Option Scheme”) has expired on 30 August 2021. No further options shall be granted thereunder, but the provisions of the 2011 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 the expiry date.

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

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

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

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

As at 31 October 2021, there was no outstanding options under the 2011 Option Scheme and no options had been granted under the 2021 Option Scheme.

Details of movements in the Company’s share options for the six months ended 31 October 2021 are as follows:

Date of grant	Exercisable period (both dates inclusive)	Exercise price per shares <i>HKS</i>	Outstanding at 1 May 2021	Number of share options				Outstanding as at 31 October 2021	
				Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period		
Employee (<i>note</i>)	23 January 2020	6 February 2020 to 5 August 2021	0.0212	143,671,010	-	(143,671,010)	-	-	-
				<u>143,671,010</u>	<u>-</u>	<u>(143,671,010)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: A total of 143,671,010 share options granted to the employees of the Company have been lapsed due to expiry of exercisable period on 5 August 2021.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACT

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

Save as aforesaid, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the six months ended 31 October 2021.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the six-month period or at any time during the six months ended 31 October 2021.

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

As at 31 October 2021, the interests of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to the Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of the issued share capital of the Company as at 31 October 2021
Dr. So Yu Shing	Beneficial owner	3,320,000		
	Interest of spouse <i>(note (a))</i>	3,320,000		
		6,640,000		0.05%
Ms. Lai Yuen Mei, Rebecca	Beneficial owner	3,320,000		
	Interest of spouse <i>(note (a))</i>	3,320,000		
		6,640,000		0.05%
Mr. Kong Kam Wang	Beneficial owner	1,778,000		0.01%
Mr. So Wang Chun, Edmond	Beneficial owner	800,000		0.01%

Notes:

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

Save as disclosed above, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 31 October 2021.

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

As at 31 October 2021, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

During the six months ended 31 October 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2021, the Company had followed a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

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

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
Law Man Sang	KGI Asia Limited	Securities brokerage	Executive director

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

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

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

AUDIT COMMITTEE

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

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

The Group’s unaudited condensed consolidated interim results for the six months ended 31 October 2021 have not been audited by the Company’s auditor, but have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

On behalf of the Board
So Yu Shing
Chairman

Hong Kong, 13 December 2021

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