



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 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 (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 2022 together with the comparative unaudited figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 January 2022

		Three months ended 31 January		Nine months ended 31 January	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	3	51,088	38,963	154,660	102,442
Cost of sales		(30,764)	(23,738)	(91,835)	(55,515)
Gross profit		20,324	15,225	62,825	46,927
Other income	4	107	341	882	5,237
Other gains and (losses)	5	(8,748)	10,004	(27,578)	(45,411)
Operating and administrative expenses		(10,520)	(11,941)	(31,475)	(32,982)
Gain on disposal of a subsidiary	6	–	13,767	29,261	13,767
Gain on disposal of property, plant and equipment		–	11	–	829
Finance costs	7	(1,984)	(2,237)	(6,462)	(6,817)
Profit (loss) before taxation		(821)	25,170	27,453	(18,450)
Taxation	8	(43)	(797)	(1,512)	(2,191)
Profit (loss) for the period from continuing operations		(864)	24,373	25,941	(20,641)
Discontinued operation					
Loss for the period from discontinued operation	9	–	(1,042)	–	(4,249)
Profit (loss) for the period		(864)	23,331	25,941	(24,890)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

	Three months ended 31 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the period attributable to owners of the Company:				
– from continuing operations	(864)	24,647	26,954	(21,105)
– from discontinued operation	–	(1,042)	–	(4,249)
	(864)	23,605	26,954	(25,354)
Profit (loss) for the period attributable to non-controlling interests:				
– from continuing operations	–	(274)	(1,013)	464
	(864)	23,331	25,941	(24,890)
From continuing and discontinued operations				
Earnings (loss) per share				
– basic	<i>10</i> <u>(HK\$0.006 cent)</u>	<u>HK\$0.164 cent</u>	<u>HK\$0.188 cent</u>	<u>(HK\$0.176 cent)</u>
– diluted	<u>(HK\$0.006 cent)</u>	<u>HK\$0.164 cent</u>	<u>HK\$0.183 cent</u>	<u>(HK\$0.176 cent)</u>
From continuing operations				
Earnings (loss) per share				
– basic	<u>(HK\$0.006 cent)</u>	<u>HK\$0.172 cent</u>	<u>HK\$0.188 cent</u>	<u>(HK\$0.147 cent)</u>
– diluted	<u>(HK\$0.006 cent)</u>	<u>HK\$0.172 cent</u>	<u>HK\$0.183 cent</u>	<u>(HK\$0.147 cent)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 January 2022

	Three months ended 31 January 2022		Nine months ended 31 January 2022	
	(Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
Profit (loss) for the period	(864)	23,331	25,941	(24,890)
Other comprehensive income (expense):				
<i>Items 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")	<u>(740)</u>	<u>(2,340)</u>	<u>(924)</u>	<u>(158)</u>
Other comprehensive expense for the period, net of taxation	<u>(740)</u>	<u>(2,340)</u>	<u>(924)</u>	<u>(158)</u>
Total comprehensive income (expense) for the period	<u>(1,604)</u>	<u>20,991</u>	<u>25,017</u>	<u>(25,048)</u>
Total comprehensive income (expense) for the period attributable to owners of the Company:				
– from continuing operations	(1,604)	22,307	26,030	(21,263)
– from discontinued operations	<u>-</u>	<u>(1,042)</u>	<u>-</u>	<u>(4,249)</u>
	(1,604)	21,265	26,030	(25,512)
Total comprehensive (expense) income attributable to non-controlling interests:				
– from continuing operations	<u>-</u>	<u>(274)</u>	<u>(1,013)</u>	<u>464</u>
	<u>(1,604)</u>	<u>20,991</u>	<u>25,017</u>	<u>(25,048)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 January 2022

	Attributable to the Owners of the Company							Non-controlling interests	Total	
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	FVTOCI reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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 for the period	-	-	-	-	-	-	(25,354)	(25,354)	464	(24,890)
Fair value changes on equity instruments at FVTOCI	-	-	-	-	-	(158)	-	(158)	-	(158)
Total comprehensive expense for the period	-	-	-	-	-	(158)	(25,354)	(25,512)	464	(25,048)
At 31 January 2021 (unaudited)	143,670	560,230	191,087	2,222	2,801	(38,524)	(349,369)	512,117	(12,816)	499,301
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	-	-	-	-	-	-	26,954	26,954	(1,013)	25,941
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(924)	-	(924)	-	(924)
Disposal of equity instruments at FVTOCI	-	-	-	-	-	444	(444)	-	-	-
Total comprehensive income (expense) for the period	-	-	-	-	-	(480)	26,510	26,030	(1,013)	25,017
Lapse of share options	-	-	-	-	(1,379)	-	1,379	-	-	-
At 31 January 2022 (unaudited)	143,670	560,230	191,087	2,222	-	(38,186)	311,640	547,383	(13,478)	533,905

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

The Company is incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability and its shares are listed on the GEM of The Stock Exchange 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 unaudited 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 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(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	37,293	25,564	111,924	63,361
Assets management business	393	586	1,691	1,375
	<u>37,686</u>	<u>26,150</u>	<u>113,615</u>	<u>64,736</u>
Revenue from other sources:				
Loan interest income	13,402	12,813	41,045	37,706
	<u>13,402</u>	<u>12,813</u>	<u>41,045</u>	<u>37,706</u>
Total revenue	<u>51,088</u>	<u>38,963</u>	<u>154,660</u>	<u>102,442</u>
Timing of revenue recognition				
Over time	<u>37,686</u>	<u>26,150</u>	<u>113,615</u>	<u>64,736</u>

4. Other income

	Three months ended 31 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	–	324	67	776
Sundry income	106	1	375	4,373
Government subsidy	–	–	26	–
Interest income	1	17	58	87
Foreign exchange (loss) gain, net	–	(1)	–	1
Reversal of write off of account receivables	–	–	356	–
	<u>107</u>	<u>341</u>	<u>882</u>	<u>5,237</u>

Other income from discontinued operation of securities brokerage and margin financing business amounted to Nil (January 2021: HK\$380,000).

5. Other gains and (losses)

	Three months ended 31 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value gain (loss) on financial assets at FVTPL, net	(7,783)	10,990	437	3,284
Gain (loss) on disposal of financial assets at FVTPL	(965)	(986)	514	(565)
Net impairment losses (recognised) reversed arising from ECL on:				
– Loan and interest receivables	–	–	(25,587)	(49,791)
– Trade receivables	–	–	(2,972)	1,868
– Contact assets	–	–	30	(207)
	<u>(8,748)</u>	<u>10,004</u>	<u>(27,578)</u>	<u>(45,411)</u>

6. 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.

6. Gain on disposal of a subsidiary (Continued)

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
	<hr/>
	78,038
	<hr/> <hr/>
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)
	<hr/>
Net assets disposed of	45,246
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)
	<hr/>
Gain on disposal of a subsidiary	29,261
	<hr/> <hr/>
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)
	<hr/>
	70,450
Transaction costs	(458)
Less: Sales and leaseback arrangement	(3,073)
	<hr/>
Net cash inflow	66,919
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7. Finance costs

	Three months ended 31 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings and bank overdrafts	93	723	1,066	1,578
Interest on other borrowings	1,861	1,491	5,200	5,039
Interest on lease liabilities	30	23	196	200
	<u>1,984</u>	<u>2,237</u>	<u>6,462</u>	<u>6,817</u>

8. Taxation

	Three months ended 31 January		Nine months ended 31 January	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Taxation comprises:				
Hong Kong Profits Tax				
Current period charged	<u>43</u>	<u>797</u>	<u>1,512</u>	<u>2,191</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%.

9. Dividend

No dividend were paid, declared or prepared for the nine months ended 31 January 2022 (nine months ended 31 January 2021: Nil).

10. Earnings (loss) per share

Basic and diluted earnings (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 January		Nine months ended 31 January	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(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	(864)	23,605	26,954	(25,354)
	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	128,808,497	219,592,551	370,424,913	258,228,275
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	14,495,909,569	14,586,693,623	14,737,525,985	14,625,329,347

(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 January		Nine months ended 31 January	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period from continuing operations	(864)	24,647	26,954	(21,105)

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 31 January 2022 (herein referred to as the “Reporting Period”), the revenue of the Group amounted to approximately HK\$154.7 million (For the same period of 2021: HK\$102.4 million), representing an increase of approximately 51.1% compared to the corresponding period in 2021. Net profit attributable to owners of the Company from continuing operations during the Reporting Period was approximately HK\$27.0 million (For the same period of 2021: net loss attributable to owners of the Company from continuing operations of approximately HK\$21.1 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 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 2021 and one-off gain on disposal of a subsidiary of approximately HK\$29.3 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, 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\$111.9 million, representing a significant increase of approximately HK\$48.6 million as compared to the corresponding period in 2021, 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 2021.

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 55 ongoing projects, 19 of which were completed on schedule and 11 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\$41.0 million during the Reporting Period (For the same period of 2021: approximately HK\$37.7 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

The Group recorded a net fair value gain of approximately HK\$437,000 (For the same period of 2021: approximately HK\$3.3 million) and gain on disposal of approximately HK\$514,000 (For the same period of 2021: net fair value loss of approximately HK\$565,000) on its investment portfolio for the Reporting Period, which was mainly affected by the outbreak of the fifth wave epidemic of COVID-19.

The Group foresees that the global economy will continue to be unstable in year 2021/2022 as a result of the outbreak of the fifth wave epidemic of COVID-19 and the threat of war between Russia and Ukraine. 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 in March 2018, the holding company of Mass Fidelity Asset Management Limited, a licensed insurance broker and registered MPF Corporate Intermediary in Hong Kong, the Group had commenced the business of assets management in March 2018. For the Reporting Period, the assets management business recorded a revenue of approximately HK\$1.7 million (For the same period of 2021: approximately HK\$1.4 million).

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 6 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 2021/2022, 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 2021.

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 2021. 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 2021/2022, the outbreak of COVID-19 together with the challenges posed by the political unrest 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.

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 2021/2022, in view of present economic uncertainty and difficulties, the Group is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance our competitiveness, the Group will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, the Group will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. The Group will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for shareholders.

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

FINANCIAL REVIEW

During the Reporting Period, revenue increased by approximately 51.0% 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 decreased from approximately HK\$33.0 million to approximately HK\$31.5 million which is similar as compared to the corresponding period in 2021. Finance costs decreased from approximately HK\$6.8 million to approximately HK\$6.5 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 January 2022, the Group had shareholders' equity of approximately HK\$547.4 million (30 April 2021: approximately HK\$521.4 million).

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.

EVENT AFTER REPORTING PERIOD

There is no important event affecting the Group which have occurred since 31 January 2022.

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 nine months ended 31 January 2022.

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 nonrefundable nominal consideration of HK\$10 is payable on acceptance of each grant.

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

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

As at 31 January 2022, 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 nine months ended 31 January 2022 are as follows:

	Date of grant	Exercisable period (both dates inclusive)	Exercise price per shares <i>HK\$</i>	Outstanding at 1 May 2021	Granted during the period	Number of share options			Outstanding as at 31 January 2022
						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 nine months ended 31 January 2022.

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-month period or at any time during the nine months ended 31 January 2022.

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

As at 31 January 2022, 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 January 2022
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 January 2022.

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

As at 31 January 2022, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company whose interests were disclosed above) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

During the nine months ended 31 January 2022, 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 nine months ended 31 January 2022, 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 third quarter 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 third quarter 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 third quarterly results for the nine months ended 31 January 2022 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, 14 March 2022

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. 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).