



WLS Holdings Limited

滙隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Interim Report 2001

* *For identification purposes only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (“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”) 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.

CONDENSED COMBINED FINANCIAL STATEMENTS

HIGHLIGHTS FOR THE SIX MONTHS ENDED 31ST OCTOBER, 2001 AND CURRENT DEVELOPMENT

- Turnover, increased by approximately 18%, amounted to approximately HK\$88,783,000.
- Net profit attributable to shareholders was approximately HK\$5,740,000.
- The shares of the Company were successfully listed on GEM on 7th December, 2001.

The Board of Directors of the Company are pleased to announce the unaudited condensed combined financial statements of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31st October, 2001 together with the comparative unaudited figures for the corresponding periods in 2000 as follows:

CONDENSED COMBINED INCOME STATEMENT

For the three months and six months ended 31st October, 2001

	<i>Notes</i>	For the three months ended 31st October,		For the six months ended 31st October,	
		2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Turnover	2	53,923	43,748	88,783	75,393
Cost of sales		(44,333)	(36,497)	(71,244)	(61,243)
Gross profit		9,590	7,251	17,539	14,150
Other revenue		281	117	508	296
Administrative expenses		(4,846)	(3,332)	(9,483)	(6,609)
Other operating expenses		(124)	13	(124)	(2)
Profit from operations	3	4,901	4,049	8,440	7,835
Finance costs	4	(639)	(915)	(1,275)	(1,709)
Profit before taxation		4,262	3,134	7,165	6,126
Taxation	5	(758)	(573)	(1,425)	(1,133)
Net profit attributable to shareholders		<u>3,504</u>	<u>2,561</u>	<u>5,740</u>	<u>4,993</u>
Dividend	6	<u>–</u>	–	<u>–</u>	–
Earnings per share					
– basic	7	<u>0.91 cents</u>	<u>0.66 cents</u>	<u>1.49 cents</u>	<u>1.30 cents</u>

CONDENSED COMBINED BALANCE SHEET

		At 31st October, 2001 (Unaudited) <i>HK\$'000</i>	At 30th April, 2001 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8	22,729	15,480
Investment property		4,000	5,000
Long term retention money receivable, net		1,156	3,611
		<u>27,885</u>	<u>24,091</u>
CURRENT ASSETS			
Amounts due from customers for contract work	9	6,410	4,133
Trade receivable, net	10	55,046	46,245
Retention money receivable, net		6,583	10,294
Due from a related company		–	7
Prepayments and deposits and other current assets		2,410	736
Pledged deposits		6,979	4,045
Bank and cash balances		386	140
		<u>77,814</u>	<u>65,600</u>
CURRENT LIABILITIES			
Amounts due to customers for contract work	9	21,491	19,722
Trade and other payables	11	15,459	13,926
Retention money payable		7,051	4,123
Bills payable – secured		4,750	1,811
Due to a director		2,801	2,941
Provision for taxation		7,143	6,478
Current portion of long term borrowings		7,865	6,563
Bank overdrafts – secured		10,779	9,373
		<u>77,339</u>	<u>64,937</u>
NET CURRENT ASSETS		<u>475</u>	<u>663</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,360</u>	<u>24,754</u>
NON-CURRENT LIABILITIES			
Long term retention money payable		203	1,015
Long term borrowings		9,763	10,324
Deferred taxation	5	944	705
		<u>10,910</u>	<u>12,044</u>
NET ASSETS		<u>17,450</u>	<u>12,710</u>
CAPITAL AND RESERVES			
Share capital		4	4
Reserves	12	17,446	12,706
SHAREHOLDERS' FUNDS		<u>17,450</u>	<u>12,710</u>

CONDENSED COMBINED STATEMENT OF RECOGNISED GAINS AND LOSSES

		For the six months ended 31st October, 2001 (Unaudited) HK\$'000	For the six months ended 31st October, 2000 (Unaudited) HK\$'000
	<i>Notes</i>		
Revaluation deficit on investment property	12	(1,000)	–
Net profit for the period attributable to shareholders		<u>5,740</u>	<u>4,993</u>
Total recognised gains and losses	12	<u>4,740</u>	<u>4,993</u>

CONDENSED COMBINED CASH FLOW STATEMENT

	For the six months ended 31st October, 2001 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	11,933
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,176)
TAX PAID, NET	(521)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(11,597)</u>
NET CASH OUTFLOW BEFORE FINANCING	(1,361)
NET CASH INFLOW FROM FINANCING	<u>201</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>(9,233)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(10,393)</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Bank and cash balances	386
Bank overdrafts	<u>(10,779)</u>
	<u>(10,393)</u>

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS

1. Group reorganisation and basis of preparation

The Company was incorporated in the Cayman Islands on 23rd July, 2001 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands.

Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the group structure in preparation for the listing of the Company’s shares on GEM, the Company issued fully paid shares in exchange for the entire issued share capital of WLS (BVI) Limited and thereby became the holding company of the Group formed after the completion of the Reorganisation on 23rd November, 2001. The shares of the Company have been listed on GEM since 7th December, 2001.

The Reorganisation involved companies under common control, and the Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the condensed combined financial statements of the Group have been prepared as if the Group for the six months ended 31st October, 2001 and 31st October, 2000 had been in existence throughout the periods covered by this report or since their respective dates of incorporation, where this is a shorter period.

All significant transactions and balances between companies now comprising the Group have been eliminated on combination. The interim financial statements are prepared in accordance with the requirements as set out in the GEM Listing Rules and the Statement of Standard Accounting Practice 2.125 “Interim Financial Reporting” as issued by the Hong Kong Society of Accountants except that the comparative figures of the condensed combined cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the GEM Listing Rules. The accounting policies and basis for the preparation of the unaudited condensed combined interim financial statements of the Group are consistent with those used in the Accountants’ Report as set out in the prospectus of the Company dated 30th November, 2001 (the “Prospectus”).

In the current period, the Group has adopted, for the first time, the Statement of Standard Accounting Practice 2.131 “Impairment of Assets” which has resulted in the adoption of the following revised accounting policy:

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under other accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under other accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other accounting standard.

2. Turnover

Turnover represents long-term contract revenue.

No analysis of segmental and geographical information is required as the Group, during the period, operated scaffolding business only in Hong Kong.

3. Profit from operations

Profit from operations is stated after (crediting)/charging the following:

	For the three months ended 31st October,		For the six months ended 31st October,	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Deficit/(surplus) on revaluation of leasehold properties	125	(31)	125	(61)
Depreciation:				
Owned property, plant and equipment	738	580	1,331	1,161
Leased property, plant and equipment	223	204	439	408
	<u>223</u>	<u>204</u>	<u>439</u>	<u>408</u>

4. Finance costs

The finance costs comprise:

	For the three months ended 31st October,		For the six months ended 31st October,	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest and charges	537	862	1,094	1,603
Finance lease charges	102	53	181	106
	<u>639</u>	<u>915</u>	<u>1,275</u>	<u>1,709</u>

5. Taxation

The taxation charge comprises:

	For the three months ended 31st October,		For the six months ended 31st October,	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax				
– current	588	458	1,186	894
– deferred	170	115	239	239
	<u>758</u>	<u>573</u>	<u>1,425</u>	<u>1,133</u>

Hong Kong profits tax was provided at the rate of 16% on the three months and the six months ended 31st October, 2001 (2000: 16%) on the estimated assessable profits arising in or derived from Hong Kong.

The movement of deferred taxation comprises:

	At 31st October, 2001 <i>HK\$'000</i>	At 30th April, 2001 <i>HK\$'000</i>
At beginning of the period/year	705	277
Transfer from income statement	239	428
	<hr/>	<hr/>
At end of the period/year	944	705
	<hr/> <hr/>	<hr/> <hr/>
	At 31st October, 2001 <i>HK\$'000</i>	At 30th April, 2001 <i>HK\$'000</i>
The amount of deferred taxation represents:		
Accelerated depreciation allowances	944	705
Tax losses	–	–
	<hr/>	<hr/>
	944	705
	<hr/> <hr/>	<hr/> <hr/>

6. Dividend

The Board of Directors do not recommend an interim dividend for the six months ended 31st October, 2001 (six months ended 31st October, 2000: Nil).

7. Earnings per share

The calculation of the basic earnings per share is based on the unaudited net profit attributable to shareholders for the three months and six months ended 31st October, 2001 of approximately HK\$3,504,000 and HK\$5,740,000, respectively (three months and six months ended 31st October, 2000: approximately HK\$2,561,000 and HK\$4,993,000, respectively) and on aggregate of 385,200,000 shares comprising 385,200 shares issued upon the Reorganisation and 384,814,800 shares issued pursuant to the capitalisation issue for the then shareholders of the Company upon completion of the Reorganisation, which were deemed to have been in issue since 1st May 2000.

No diluted earnings per share for the three months and six months ended 31st October, 2001 and 2000 have been presented because there were no dilutive potential ordinary shares in existence during the periods.

8. Additions to property, plant and equipment

During the six months ended 31st October, 2001, the Group had material acquisition of metal tubes and catwalk at a cost of approximately HK\$5,612,000 (six months ended 31st October, 2000: HK\$3,389,000) and gondolas at a cost of approximately HK\$2,558,000 (six months ended 31st October, 2000: Nil). They are held for business purpose.

9. Amounts due from/(to) customers for contract work

	At 31st October, 2001 <i>HK\$'000</i>	At 30th April, 2001 <i>HK\$'000</i>
Contracts in progress:		
Cost to date	136,444	105,996
Recognized profits less foreseeable losses	27,299	23,436
	163,743	129,432
Less: Progress billings	(178,824)	(145,021)
	(15,081)	(15,589)
Amounts due from customers for contract work	6,410	4,133
Amounts due to customers for contract work	(21,491)	(19,722)
	(15,081)	(15,589)

10. Trade receivable, net

	At 31st October, 2001 <i>HK\$'000</i>	At 30th April, 2001 <i>HK\$'000</i>
Trade receivable	56,984	48,668
Less: Provision for doubtful debts	(1,938)	(2,423)
Trade receivable, net	55,046	46,245

The credit terms given to each individual customer were in accordance with the payment terms stipulated in the relevant tenders or contracts. An aged analysis of trade receivable at the reporting date is as follows:

	At 31st October, 2001	At 30th April, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	37,754	41,885
91 to 180 days	7,962	3,478
181 to 270 days	8,208	448
271 to 360 days	894	20
over 360 days	2,166	2,837
	<u>56,984</u>	<u>48,668</u>

11. Trade and other payables

As at 31st October, 2001, trade and other payables amounted to HK\$15,459,000 (30th April, 2001: HK\$13,926,000), including trade payable of HK\$9,619,000 (30th April, 2001: HK\$9,792,000). An aged analysis of trade payable at the reporting date is as follows:

	At 31st October, 2001	At 30th April, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	8,799	8,490
91 to 180 days	658	1,262
181 to 270 days	9	–
271 to 360 days	93	–
Over 360 days	60	40
	<u>9,619</u>	<u>9,792</u>

12. Reserves

During the three months and six months ended 31st October, 2001, the Group recorded the following movement in reserves:

	Investment property revaluation reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st August, 2001	1,773	2,222	10,947	14,942
Revaluation deficit on investment property	(1,000)	–	–	(1,000)
Profit for the period	–	–	3,504	3,504
At 31st October, 2001	<u>773</u>	<u>2,222</u>	<u>14,451</u>	<u>17,446</u>
At 1st May, 2001	1,773	2,222	8,711	12,706
Revaluation deficit on investment property	(1,000)	–	–	(1,000)
Profit for the period	–	–	5,740	5,740
At 31st October, 2001	<u>773</u>	<u>2,222</u>	<u>14,451</u>	<u>17,446</u>

For the three months and six months ended 31st October, 2000, other than the profit for the period, there was no reserve movement.

13. Contingent liabilities

As at 31st October, 2001, the Group had the following contingent liabilities:

- (i) 16 employees (as at 30th April, 2001: 17 employees) of the Group have completed the required number of years of service under the Employment Ordinance Chapter 57 of the Laws of Hong Kong (the “Ordinance”) to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Ordinance. If the termination of all these employees met the circumstances required by the Ordinance, the Group’s liability at 31st October, 2001 would be approximately HK\$1,095,000 (as at 30th April, 2001 would be approximately HK\$1,197,000). No provision has been made for this amount as at 31st October, 2001 and 30th April, 2001.

- (ii) Pursuant to a Funding Agreement dated 18th May, 2000 (the “Funding Agreement”) entered into between the Official Receiver and Liquidator of Wah Fai Civil Contractors Limited (the “OR & Liquidator”) and Wui Loong Holdings Company Limited (“WL Holdings”), WL Holdings agreed, among other terms set out therein, to provide funds to cover the costs and expenses incurred or to be incurred for the examination including the ancillary proceedings thereto, which was applied for by the OR & Liquidator, of Yeung Man Kit Adrian trading as Creative Engineering Company (the “1st Defendant”) and Tam Kam Ping (the “2nd Defendant”) pursuant to Order 49B of the Rules of the High Court (Chapter 4A of the Laws of Hong Kong) with a view to enforce the judgement debt ordered by Master Poon on 4th June, 1999. Wah Fai Civil Contractors Limited is a company wholly owned by the Directors, Mr. So Yu Shing, Francis and Ms. Lai Yuen Mei, Rebecca. No provision has been made for the obligation under the Funding Agreement as at 31st October, 2001 and 30th April, 2001. On 22nd October, 2001, WL Holdings had informed the OR & Liquidator to terminate the Funding Agreement. The only outstanding liability is the question of legal costs incurred by the OR & Liquidator for the recovery of debt under the Funding Agreement. In the opinion of the legal advisers to the Company, the contingent liability will not exceed HK\$100,000. The Directors have confirmed that the same will not have a material impact on the Group’s financial position. In addition, the Mr. So Yu Shing, Francis and Ms. Lai Yuen Mei, Rebecca have agreed to fully indemnify the Group against contingent liability under the Funding Agreement.

14. Post balance sheet events

Share Option Scheme

Pursuant to a written resolution of all the shareholders passed on 25th November, 2001, the Company has conditionally established a Share Option Scheme whereby the Directors of the Company may, at their discretion, invite any employees whether in full time or part time employment of the Group to take up options which entitle them to subscribe for Shares representing up to a maximum of 30% of the shares in issue from time to time (excluding Shares which have been duly allotted and issued pursuant to the Share Option Scheme). The principal terms of the Share Option Scheme are set out in the Prospectus.

As at 7th December, 2001, the date of listing of the Shares on GEM, the Company has not granted any option under the Shares to its Directors and employees.

Save as aforesaid, no other significant events have taken place subsequent to 31st October, 2001.

BUSINESS OBJECTIVE REVIEW

As this interim report covers activities up to 31st October, 2001 only, all business objectives stated in the paragraph headed “Strategy and implementation plans” under the section headed “Future plans and prospects” of the Prospectus are still in progress and no further update is applicable.

BUSINESS REVIEW

The year 2001 marked a significant era for the Group following its successful listing on GEM on 7th December, 2001.

Due to the depressing property market particularly in the private sector, worsened by the worldwide recession, the Group continued to face keen competition in tendering for scaffolding works contracts for the six months ended 31st October, 2001. Nevertheless, as the Group consolidated its position as the prominent sub-contractor in the scaffolding industry and capitalised on the possession of the standard patent of the MBMSS (Metal-Bamboo Matrix Scaffolding System), the Group maintained its objectives to increase its market share as well as enhance the safety of the construction sites of the industry at large.

Up to 31st October, 2001, the Group secured 18 works contracts in respect of bamboo, metal and MBMSS scaffolding amounting to approximately HK\$41,000,000. Subsequent to the six-month period ended 31st October, 2001, a works contract worthy of mention is a MBMSS project in Ap Lei Chau won by the Group by tendering which amounted to approximately HK\$12,000,000 in December this year.

In addition, the Group secured the first contract for the rental of gondolas in November this year. Subsequently, a second contract for the rental of gondolas was awarded in early December of 2001. The management maintains its buoyant view of the potential of the market demand for the rental of gondolas.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally finances its operation with internally generated cashflow, finance leases and banking facilities provided by its finance companies and bankers. During the period under review, the Group continued to exert stringent control over its debtors. As at 31st October, 2001, about 66% of its trade receivables were less than 90 days' old.

The long term borrowing maturity profile of the Group as at 31st October, 2001 is analysed as follows:

	At 31st October, 2001 (Unaudited) <i>HK\$'000</i>	At 30th April, 2001 (Audited) <i>HK\$'000</i>
Repayable within one year	7,865	6,563
Repayable after 1 year but within 2 years	3,300	2,627
Repayable after 2 years, but within 5 years	3,413	3,704
Over 5 years	3,050	3,993
	<hr/> 17,628 <hr/>	<hr/> 16,887 <hr/>

The Group's gearing ratio, expressed as a percentage of bank overdraft and long term borrowings over total assets, improved from 29% to 27%.

As at 31st October, 2001, the total finance lease and banking facilities granted were approximately HK\$37,890,000 which had not yet been entirely utilized by the Group. As the cash deposits and bank balances of the Group amounted to approximately HK\$7,365,000 together with the total net working capital of approximately HK\$16,504,000, the management believes that the Group has sufficient financial resources to discharge its debts and to satisfy its commitments and working capital requirement.

Charges on Assets

The details of the Group's assets pledged as securities for banking facilities and financial leases was as follows:

	At 31st October, 2001 (Unaudited) <i>HK\$'000</i>	At 30th April, 2001 (Audited) <i>HK\$'000</i>
Leasehold properties	9,939	10,441
Motor vehicles	2,040	2,368
	11,979	12,809

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31st October, 2001 (2000:Nil).

Employees

As at 31st October, 2001, the Group had 210 employees.

Other information

Save as disclosed in this report, the Group's current information in respect of investment and exchange risk has not changed materially from the information disclosed in the Prospectus.

DIRECTORS' INTERESTS IN SECURITIES

As at 7th December, 2001, the date of listing of the Shares on GEM, the interests of the Directors in the Shares as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Number of Shares of the Company

Name	Personal interests	Family interests	Corporate interests	Percentage of voting power
Mr. So Yu Shing, Francis	242,215,000	–	–	53.826%
Ms. Lai Yuen Mei, Rebecca	74,225,000	–	–	16.494%
Mr. Woo Siu Lun	19,260,000	–	–	4.28%

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate, or had exercised any such right as at 7th December, 2001.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Subsequent to the listing of the Shares on GEM on 7th December, 2001, the following entity had or deemed to have interest of ten percent or more of the issued share capital of the Company, as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of voting power
Mr. So Yu Shing, Francis	242,215,000	53.826%
Ms. Lai Yuen Mei, Rebecca	74,225,000	16.494%

Save as disclosed above, the Company has not been notified of any other interests representing ten percent or more of the entire issued share capital of the Company as at 7th December, 2001.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group had purchased, sold or redeemed any of the Shares during the period from 7th December, 2001 (being the listing date) to the date of this report.

ADVANCES TO ENTITIES

According to Rule 17.15, 17.17 and 17.22 of the GEM listing Rules, a disclosure obligation has arisen where the relevant advance to an entity from the Group exceeds 25% of the Group's net tangible assets, trading balances under normal course of business due from the following independent third parties exceeded 25% of the Group's net tangible assets at the reporting date are as follows:

	31st October,		30th April,
	2001	2001	2001
	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	%	HK\$'000
			%
Sanfield Building Contractors Limited	18,084	103.6	15,366
Chun Fai Hip Hing JV Limited	N/A	N/A	3,842
Shun Shing Construction & Engineering Company Limited	N/A	N/A	3,304
Hsin Chong Construction Company Limited	N/A	N/A	7,605
Shui On Building Contractors Limited	7,684	44.0	9,679
Ngo Kee Construction Company Limited	5,495	31.5	N/A

All the above trade and retention money receivables were unsecured, interest free and have terms of settlement in accordance with the relevant tenders or contracts.

SPONSOR'S INTERESTS

Pursuant to a sponsorship agreement dated 29th November, 2001 between the Company and CSC Asia Limited ("CSC Asia"), CSC Asia will be retained as the sponsor of the Company for the purpose of Chapter 6 of the GEM for the period from 7th December, 2001 (being the listing date) to 30th April, 2004.

None of CSC Asia, its directors, employees nor associates had any shareholding interest in the securities of the Company or any member of the Group nor have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for the securities of the Company or any member of the Group as at 7th December, 2001 (being the listing date).

COMPETING INTERESTS

None of the Directors nor the initial management shareholders (as defined in the GEM Listing Rules) of the Company nor their respective associates had any interest in a business which competed or might compete with business of the Group.

BOARD PRACTICES AND PROCEDURES

The Company has complied with board practices and procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules since listed on GEM.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has 2 members, namely Dr. Sritawat Kitipornchai and Mr. Leung Wai Cheung, both being independent non-executive directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and accounts, and half yearly and quarterly reports.

By order of the Board
So Yu Shing, Francis
Chairman

Hong Kong, 14th December, 2001