



**WLS Holdings Limited**  
**滙隆控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8021)**

**First Quarterly Report 2007/2008**

\* *For identification purpose 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 announcements 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.**

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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”) 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 founded on bases and assumptions that are fair and reasonable.*

## RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2007

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 July 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

### UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 July	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	3	40,633	45,680
Cost of sales		(32,207)	(38,576)
Gross profit		8,426	7,104
Other income		159	312
Administrative expenses		(6,052)	(5,620)
Finance costs		(1,355)	(935)
Share of results of associates		–	(7)
Share of results of jointly controlled entities		–	234
Profit before taxation		1,178	1,088
Taxation	4	139	86
Profit for the period		1,317	1,174
Profit attributable to:			
Equity holders of the Company		1,683	1,101
Minority interest		(366)	73
		1,317	1,174
Dividend per share	5	–	–
Earnings per share			
– basic	6	HK0.32 cent	HK0.24 cent

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Minority interest	Total
	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained profits	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 May 2006	4,575	17,463	2,222	–	20,056	44,316	(203)	44,113
Profit for the period	–	–	–	–	1,101	1,101	73	1,174
At 31 July 2006	<u>4,575</u>	<u>17,463</u>	<u>2,222</u>	<u>–</u>	<u>21,157</u>	<u>45,417</u>	<u>(130)</u>	<u>45,287</u>
At 1 May 2007	4,762	20,639	2,222	1,206	24,872	53,701	(487)	53,214
Profit for the period	–	–	–	–	1,683	1,683	(366)	1,317
Placing of shares	900	16,376	–	–	–	17,276	–	17,276
Exercise of share options	3	29	–	–	–	32	–	32
At 31 July 2007	<u>5,665</u>	<u>37,044</u>	<u>2,222</u>	<u>1,206</u>	<u>26,555</u>	<u>72,692</u>	<u>(853)</u>	<u>71,839</u>

*Notes:*

## **1. Basis of preparation**

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

## **2. Principal accounting policies**

The unaudited condensed financial statements have been prepared on the historical cost basis except for certain properties which are measured at fair values.

The accounting policies and method of computation used in the preparation of condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2007, except as described below.

During the period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA that are effective for annual periods beginning on or after 1 June 2006.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The application of the new HKFRSs has had no material effect on results and financial positions for the current and prior accounting periods.

The group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Company is still not in the position to estimate the impact that may arise from the application of these new standards and interpretations.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 12	Service Concession Arrangements <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008

The preparation of condensed financial statements in conformity with Hong Kong Financial Reporting Standards issued by HKICPA requires the use of certain critical estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement, assumptions and estimates are significant to the condensed financial statements. These condensed financial statements should be read in conjunction with the 2007 annual financial statements.

### 3. Turnover

	<b>Three months ended 31 July</b>	
	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Contract revenue in respect of construction and building works for the provision of		
– scaffolding service	<b>18,838</b>	20,532
– fitting out service	<b>5,360</b>	11,540
Management contracting service	<b>15,424</b>	11,027
Gondolas, parapet railings and access equipment installation and maintenance services	<b>1,011</b>	2,581
	<hr/> <b>40,633</b> <hr/>	<hr/> 45,680 <hr/>

#### 4. Taxation

The taxation credit (charge) comprises:

	<b>Three months ended 31 July</b>	
	<b>2007</b>	<b>2006</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong Profits Tax – current year	<b>838</b>	827
Other jurisdiction – current year	<b>(699)</b>	(741)
	<hr/>	<hr/>
	<b>139</b>	<b>86</b>
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the three months ended 31 July 2007.

Taxation arising on other jurisdiction is calculated at the rate in the relevant jurisdiction.

#### 5. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31 July 2007 (three months ended 31 July 2006: Nil).

#### 6. Earnings per share

The calculation of the basic earnings per share is based on the unaudited profit attributable to shareholders for the three months ended 31 July 2007 of HK\$1,683,000 (unaudited profit attributable to shareholders for the three months ended 31 July 2006: HK\$1,101,000) and the weighted average number of 529,542,896 ordinary shares for the period (three-month period ended 31 July 2006: 457,500,000 shares).

No diluted earnings per share has been presented for both periods because the average exercise price of the Company's outstanding share options is higher than the average market prices of the share in both periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and outlook

For the three months ended 31 July 2007, the turnover of the Group amounted to approximately HK\$40,633,000, representing a decrease of about 11% as compared with that of the corresponding period in 2006. Net profit attributable to shareholders for the three months ended 31 July 2007 was approximately HK\$1,683,000, representing an increase of about 53% as compared with approximately HK\$1,101,000 during the corresponding period in 2006.

During the period under review, the business operations of the scaffolding division continued to face severe price competition from competitors. Nevertheless, there was an increase in the number of new contracts obtained as the trend of a rebound in the construction activities of Hong Kong continued. The management of the Group is of the opinion that the operating results of the scaffolding division will experience a turnaround in the months ahead.

In respect of the operating results of the fitting out business division, a total of three new contracts were awarded during the period under review. The most notable contract of these three new contracts is the provision of fitting out services to East Point City in Tseung Kwan O which is of significant value and will contribute substantially to the operating results of the fitting out business division in the ensuing reporting periods.

With regard to the access equipment division, the contract for the design, supply, installation and maintenance of access equipment for the Stonecutters Bridge proceeded according to plan. In addition, two new contracts of significant value were secured for the provision of access equipment to the Venetian in Macau. As for the Group's fleet of temporary gondolas, they enjoyed a satisfactory percentage of utilization during the period under review.

In respect of the GRC (Glass Reinforced Cement) and theme park division, on-going projects proceeded according to plan. Works contracts for the supply and installation of GRC to external façade of the Venetian in Macau was completed during the period under review and received favourable feedback from the client. Concurrently, the on-going project for the provision of themed GRC cladding services to Noah's Ark in Ma Wan continued to proceed according to schedule. In addition, the supply of signages and GRP (Glass Reinforced Plastic) artifacts and sculptures to the theme parks of India continued to contribute significantly to the operating results of this business division.



With regard to the international division, the marketing efforts of the Group continued to be focused on the booming Macau construction industry which provided a golden opportunity for the Group to capitalize on its advantageous position of being one of the first batch of construction-related companies to establish a foothold in Macau in 2002 supported by the goodwill gained by our Macau project references as well as long-established connections and relationships with the main contractors engaged in construction projects in Macau.

At present, both the economies of Hong Kong and Macau are experiencing considerable boom in the sectors of construction, tourism, retail and entertainment. As the Group has successfully diversified geographically and in product range, our management is optimistic that the Company would continue on its track record in business operations in the ensuing reporting periods.

### **Financial Review**

For the three months ended 31 July 2007, recognition of revenue decreased by 11% to approximately HK\$40,633,000 based on the progress of construction work in respect of existing projects in the fitting out, GRC and international divisions. Despite this drop in turnover, gross profit increased to HK\$8,426,000 due to better profit margin contributed by projects under our management contracting operations and scaffolding business in Macau. The profitability of projects of the GRC and international divisions has offset the negative impact of severe competition encountered by our scaffolding division.

Due to business diversification, the Group's administrative expenses increased whilst the increased use of trade finance for expanded business operations had led to the increase in finance costs.

As a result of business diversification and consolidation, together with the share of losses of one subsidiary company by a minority shareholder amounting to HK\$366,000, profit attributable to shareholders increased by 53% to HK\$1,683,000.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 July 2007, the interests and short positions of the Directors (including the chief executive) of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### **Long positions in shares**

Shares

<b>Name of director</b>	<b>Number of ordinary shares held</b>		<b>Percentage of the issued share capital of the Company</b>
	<b>Personal interest</b>	<b>Family interest</b>	
Mr. So Yu Shing	252,710,000	81,600,000	59.02%
Ms. Lai Yuen Mei, Rebecca	81,600,000	252,710,000	59.02%
Mr. Woo Siu Lun	19,360,000	–	3.42%
Mr. Kong Kam Wang	300,000	–	0.05%

Ms. Lai Yuen Mei, Rebecca is the wife of Mr. So Yu Shing.

### Long positions in underlying shares

The following table discloses details of movements in respect of the Company's share options during the period:

<b>Name of director</b>	<b>Date granted</b>	<b>Exercisable period (Both dates inclusive)</b>	<b>Exercise price <i>HK\$</i></b>	<b>Outstanding at 1.5.2007 and 31.7.2007</b>
Mr. So Yu Shing	21 May 2002	28 May 2003 to 27 May 2009	0.381	3,000,000
Ms. Lai Yuen Mei, Rebecca	21 May 2002	28 May 2003 to 27 May 2009	0.381	3,000,000
Mr. Woo Siu Lun	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000
Mr. Kong Kam Wang	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000
				<hr/>
				<b>15,000,000</b>

No options were granted during the period.

Save as disclosed above, as at 31 July 2007, none of the Directors or their associates (including the chief executive) of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required by the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 July 2007, the persons who have interests and short positions in shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

### **Long positions in shares**

<b>Name of substantial shareholders</b>	<b>Number of ordinary shares held</b>
Mr. So Yu Shing	252,710,000
Ms. Lai Yuen Mei, Rebecca	81,600,000

Save as disclosed above, as at 31 July 2007, the Company has not been notified of any other person (other than a Director of the Company and the chief executive of the Company) having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## **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 three months ended 31 July 2007, 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 three months ended 31 July 2007, 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**

None of the directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business which competed or might compete with the business of the Group.

## **AUDIT COMMITTEE**

The Company has established an audit committee on 9 November 2001 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, namely Dr. Sritawat Kitipornchai, Mr. Yeung Po Chin and Mr. Lam Kwok Wing, all 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, half yearly and quarterly reports.

The Group's unaudited consolidated results for the three months ended 31 July 2007 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.

## **CORPORATE GOVERNANCE**

During the period, the Company has applied the principles of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

By order of the Board

**So Yu Shing**

*Chairman*

Hong Kong, 12 September 2007

As at the date of this report, the Board comprises Mr. So Yu Shing (Chairman and Executive Director), Ms. Lai Yuen Mei Rebecca (Executive Director), Mr. Ip Ping Hong Antony (Executive Director and Vice Chairman), Mr. Kong Kam Wang (Executive Director and Chief Executive Officer), Mr. Woo Siu Lun (Executive Director), Dr. Sritawat Kitipornchai (Independent Non-executive Director), Mr. Yeung Po Chin (Independent Non-executive Director), Mr. Lam Kwok Wing (Independent Non-executive Director) and Mr. Hui Tung Wah (Non-executive Director).