



WLS Holdings Limited

滙隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Interim Report 2007/2008

* *For identification purposes only*

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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.

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

CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 October 2007

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	3	48,672	58,004	89,305	103,684
Cost of sales		(41,677)	(50,354)	(73,884)	(88,930)
Gross profit		6,995	7,650	15,421	14,754
Other income		188	103	347	415
Administrative expenses		(4,313)	(5,077)	(10,365)	(10,697)
Finance costs		(1,151)	(1,107)	(2,506)	(2,042)
Share of results of associates		–	–	–	(7)
Share of results of jointly controlled entities		137	69	137	303
Profit before taxation		1,856	1,638	3,034	2,726
Taxation	6	(58)	(205)	81	(119)
Profit for the period		<u>1,798</u>	<u>1,433</u>	<u>3,115</u>	<u>2,607</u>
Attributable to:					
Equity holders of the Company		2,065	1,576	3,748	2,677
Minority interests		(267)	(143)	(633)	(70)
		<u>1,798</u>	<u>1,433</u>	<u>3,115</u>	<u>2,607</u>
Dividend	7	–	–	–	–
Earnings per share					
– basic	8	<u>HK0.36 cent</u>	HK0.34 cent	<u>HK0.68 cent</u>	HK0.58 cent

CONSOLIDATED BALANCE SHEET

		At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment property	9	14,600	14,600
Property, plant and equipment		28,922	30,947
Prepaid lease payments		4,733	4,795
Goodwill		3,138	3,138
Interests in jointly controlled entities		728	591
		52,121	54,071
Current assets			
Prepaid lease payments		124	124
Inventories		1,216	1,261
Bills receivable		–	534
Trade receivables	10	74,399	70,793
Amounts due from customers for contract work		10,888	20,875
Retention money receivables		14,598	14,517
Prepayments, deposits and other receivables		1,670	5,478
Amount due from a jointly controlled entity		798	795
Bank balances and cash		7,122	11,548
		110,815	125,925
Current liabilities			
Trade and other payables	11	3,917	22,556
Amounts due to customers for contract work		8,798	15,666
Retention money payables		6,414	4,986
Tax payable		1,369	1,456
Obligations under finance leases		115	194
Bank borrowings	12	22,896	39,618
Bank overdrafts		28,237	27,543
		71,746	112,019
Net current assets		39,069	13,906
Total assets less current liabilities		91,190	67,977

CONSOLIDATED BALANCE SHEET (continued)

		At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
Non-current liabilities			
Obligations under finance leases		38	67
Bank borrowings	<i>12</i>	11,445	12,006
Deferred tax		2,690	2,690
		<hr/> 14,173 <hr/>	<hr/> 14,763 <hr/>
		<hr/> 77,017 <hr/> <hr/>	<hr/> 53,214 <hr/> <hr/>
Capital and reserves			
Share capital	<i>13</i>	5,823	4,762
Reserves		72,314	48,939
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		78,137	53,701
Minority interest		(1,120)	(487)
		<hr/> 77,017 <hr/> <hr/>	<hr/> 53,214 <hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2007

	Attributable to equity holders of the Company							
	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained profits	Total	Minority interests	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 May 2006 (audited)	4,575	17,463	2,222	–	20,056	44,316	(203)	44,113
Profit for the period	–	–	–	–	2,677	2,677	(70)	2,607
Issue of shares under scrip dividend scheme for 2005/06 final dividend	61	1,261	–	–	(1,322)	–	–	–
2005/06 final dividend paid	–	–	–	–	(508)	(508)	–	(508)
At 31 October 2006 (unaudited)	<u>4,636</u>	<u>18,724</u>	<u>2,222</u>	<u>–</u>	<u>20,903</u>	<u>46,485</u>	<u>(273)</u>	<u>46,212</u>
At 1 May 2007 (audited)	4,762	20,639	2,222	1,206	24,872	53,701	(487)	53,214
Profit for the period	–	–	–	–	3,748	3,748	(633)	3,115
Issue of shares under scrip dividend scheme for 2006/07 final dividend	33	1,445	–	–	(1,478)	–	–	–
2006/07 final dividend paid	–	–	–	–	(1,354)	(1,354)	–	(1,354)
Placing of shares	900	16,376	–	–	–	17,276	–	17,276
Exercise of share options	128	4,638	–	–	–	4,766	–	4,766
At 31 October 2007 (unaudited)	<u>5,823</u>	<u>43,098</u>	<u>2,222</u>	<u>1,206</u>	<u>25,788</u>	<u>78,137</u>	<u>(1,120)</u>	<u>77,017</u>

Note:

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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2007

	Six months ended 31 October 2007 (Unaudited) HK\$'000	Six months ended 31 October 2006 (Unaudited) HK\$'000
Net cash used in operating activities	(5,805)	(12,108)
Net cash used in investing activities	(105)	(3,716)
Net cash from/(used in) financing activities		
New bank loan raised	33,816	47,708
Repayment of borrowings	(51,099)	(36,164)
Net increase in bank overdrafts	693	6,425
Net proceeds from placing of shares	17,276	–
Proceeds from exercise of share options	4,766	–
Other financing activities	(3,968)	(2,662)
	<u>1,484</u>	<u>15,307</u>
Decrease in cash and cash equivalents	(4,426)	(517)
Cash and cash equivalents at 1 May	11,548	5,046
Cash and cash equivalents at 31 October	<u>7,122</u>	<u>4,529</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standards (“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 ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 12	Service Concession Arrangements ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 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

Turnover represents revenue from contracts for providing scaffolding, fitting out service, management contracting service for the construction and building works as well as gondolas, access equipment, parapet railings installation and maintenance services.

	For the three months ended 31 October		For the six months ended 31 October	
	2007 (Unaudited) <i>HK\$'000</i>	2006 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>	2006 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	20,870	22,411	39,708	42,943
– fitting out service	12,180	13,974	17,540	25,514
Management contracting service	15,106	18,512	30,530	29,539
Gondolas, access equipment, parapet railings installation and maintenance services	516	3,107	1,527	5,688
	48,672	58,004	89,305	103,684

4. Segmental Information

Segmental information is presented in respect of the Group's primary business segments and secondary geographical segments.

For management purposes, the Group is currently organised into three operating divisions (i) scaffolding and fitting out service for the construction and building works, (ii) management contracting service for the construction and building works, and (iii) gondolas, access equipment, parapet railing installation and maintenance services.

Business Segments

	Scaffolding and fitting out service for the construction & building works <i>HK\$ '000</i>	Management contracting service for the construction and building works <i>HK\$ '000</i>	Gondolas, parapet railing and access equipment installation and maintenance services <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
For the six months ended 31 October 2007				
(unaudited)				
REVENUE				
Total external sales	57,248	30,530	1,527	89,305
SEGMENT RESULTS				
Gross profit/(loss)	5,829	11,656	(2,064)	15,421
Allocation of corporate expenses	(6,431)	(2,844)	(287)	(9,562)
	(602)	8,812	(2,351)	5,859
Other income				347
Unallocated corporate expenses				(803)
Finance costs				(2,506)
Share of results of jointly controlled entities				137
Profit before taxation				3,034
Taxation				81
Profit for the period				3,115

	Scaffolding and fitting out service for the construction & building works <i>HK\$'000</i>	Management contracting service for the construction and building works <i>HK\$'000</i>	Gondolas, parapet railing and access equipment installation and maintenance services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the six months ended 31 October 2006				
(unaudited)				
REVENUE				
Total external sales	68,457	29,539	5,688	103,684
	<u>68,457</u>	<u>29,539</u>	<u>5,688</u>	<u>103,684</u>
SEGMENT RESULTS				
Gross profit	3,347	10,719	688	14,754
Allocation of corporate expenses	(6,728)	(2,429)	(842)	(9,999)
	<u>(6,728)</u>	<u>(2,429)</u>	<u>(842)</u>	<u>(9,999)</u>
	(3,381)	8,290	(154)	4,755
	<u>(3,381)</u>	<u>8,290</u>	<u>(154)</u>	<u>4,755</u>
Other income				415
Unallocated corporate expenses				(698)
Finance costs				(2,042)
Share of results of associates				(7)
Share of results of jointly controlled entities				303
				<u>303</u>
Profit before taxation				2,726
Taxation				(119)
				<u>(119)</u>
Profit for the period				<u>2,607</u>
				<u>2,607</u>

Geographical Segments

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	India <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the six months ended 31 October 2007				
(unaudited)				
REVENUE				
Total external sales	52,271	34,646	2,388	89,305
SEGMENT RESULTS				
Gross profit	4,875	11,180	(634)	15,421
Allocation of corporate expenses	(5,967)	(3,228)	(367)	(9,562)
	(1,092)	7,952	(1,001)	5,859
Other income				347
Unallocated corporate expenses				(803)
Finance costs				(2,506)
Share of results of jointly controlled entities				137
Profit before taxation				3,034
Taxation				81
Profit for the period				3,115
For the six months ended 31 October 2006				
(unaudited)				
REVENUE				
Total external sales	77,505	26,179		103,684
SEGMENT RESULTS				
Gross profit	5,134	9,620		14,754
Allocation of corporate expenses	(7,435)	(2,564)		(9,999)
	(2,301)	7,056		4,755
Other income				415
Unallocated corporate expenses				(698)
Finance costs				(2,042)
Share of results of associates				(7)
Share of results of jointly controlled entities				303
Profit before taxation				2,726
Taxation				(119)
Profit for the period				2,607

5. Profit from operations

Profit from operations is stated after charging the following:

	For the three months ended 31 October		For the six months ended 31 October	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	939	1,019	1,855	2,004

6. Taxation

The taxation charge/(credit) comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
– current period	(473)	59	(1,311)	(768)
Other jurisdiction				
– current period	531	146	1,230	887
	58	205	(81)	119

Hong Kong Profits Tax was provided at the rate of 17.5% for the six months ended 31 October 2007 and 31 October 2006 on the estimated assessable profit/loss arising in or derived from Hong Kong.

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

7. Dividend

On 3 October 2007, a cash dividend of HK0.5 cent per share, totalling HK\$1,354,351 and a scrip dividend of 3,269,955 ordinary shares was paid and despatched to shareholders as the final dividend for the year ended 30 April 2007 pursuant to the scrip dividend scheme of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2007 (six months ended 31 October 2006: Nil).

8. Earnings per share

The calculation of the basic earnings per share is based on the unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2007 amounting to HK\$2,065,000 and HK\$3,748,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2006 amounting to HK\$1,576,000 and HK\$2,677,000 respectively) and the weighted average number of 572,308,426 ordinary shares and 550,935,661 ordinary shares for the respective periods (three-month and six months ended 31 October 2006: 457,500,000 shares and 458,401,594 shares respectively).

No diluted earnings per share for the six months ended 31 October 2007 had been presented because the exercise price of the Company's outstanding share options was higher than the average market prices of the share during the period. No diluted earnings per share has been presented in prior periods as the Company had no dilutive potential shares during the prior periods.

9. Addition to property, plant and equipment

During the six months ended 31 October 2007, the Group incurred approximately HK\$116,000 (six months ended 31 October 2006: HK\$4,572,000) on acquisition of property, plant and equipment.

10. Trade receivable

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

	At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
0 to 90 days	26,511	47,176
91 to 180 days	18,977	6,846
181 to 270 days	13,873	5,295
Over 270 days	15,038	11,476
	<hr/> 74,399 <hr/> <hr/>	<hr/> 70,793 <hr/> <hr/>

11. Trade and other payables

Included in trade and other payables are trade payables of HK\$3,772,000 (as at 30 April 2006: HK\$14,047,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
0 to 90 days	1,478	13,381
91 to 180 days	528	315
181 to 270 days	1,223	117
Over 270 days	543	234
	<hr/> 3,772 <hr/> <hr/>	<hr/> 14,047 <hr/> <hr/>

12. Bank borrowings

	At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
Bank borrowings analysed as:		
Secured	20,949	26,942
Unsecured	13,392	24,682
	34,341	51,624
The borrowings are repayable as follows:		
On demand or within one year	22,896	39,618
More than one year, but not exceeding two years	1,077	1,172
More than two years, but not exceeding five years	2,483	2,993
After five years	7,885	7,841
	34,341	51,624
Less: Amount due within one year shown under current liabilities	(22,896)	(39,618)
Amount due after one year	11,445	12,006

13. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 October 2007 and 30 April 2007	800,000,000	8,000
Issued and fully paid:		
At 31 October 2007	582,274,155	5,823
At 30 April 2007	476,194,200	4,762

14. Contingent liabilities

At 31 October 2007, the Group provided counter indemnities amounting to HK\$10,975,000 (30 April 2007: HK\$8,619,000) to banks for surety bonds issued by the bank in respect of construction contracts.

15. Capital commitments

	At 31 October 2007 (Unaudited) HK\$'000	At 30 April 2007 (Audited) HK\$'000
Capital expenditure contracted for but not provided in the financial statement in respect of acquisition of property, plant and equipment	–	–

16. Related party transactions

- (i) During the period, the Group entered into the following transactions:

	For the six months ended	
	31 October	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Transactions with a jointly controlled entity		
Subcontracting expenses of scaffolding services	<u>473</u>	<u>568</u>
Subcontracting income	<u>255</u>	<u>689</u>

The above transactions were carried out on normal commercial terms and in ordinary course of business.

- (ii) Personal guarantees up to the extent of HK\$20,230,000 were made by a director in favour of financial institutions for the granting of banking facilities to a subsidiary of the Company.

(iii) Compensation of key management personnel

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

	For the six months ended	
	31 October	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term benefits	3,192	2,620
Post-employment benefits	34	30
	<hr/>	<hr/>
	3,226	2,650
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of directors and key executives is determined by the Remuneration Committee or senior management having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the six months ended 31 October 2007, the turnover of the Group amounted to approximately HK\$89,305,000, representing a decrease of about 14% as compared with that of the corresponding period in 2006. Net profit attributable to shareholders for the six months ended 31 October 2007 was approximately HK\$3,748,000, which is equivalent to an increase of about 40% from that of the corresponding period in 2006.

During the period under review, the business operations of the scaffolding division experienced an improvement resulting both from the increase in size and number of large-scale scaffolding tenders available for submission to main contractors in the construction industry. In fact, the economic environment in Hong Kong during the year 2007 is extremely positive, buoyed by the bullish local stock market and upbeat consumer confidence whilst enjoying phenomenal inflow of funds from Mainland Chinese institutional and private investors. For the six months ended 31 October 2007, the scaffolding division secured 14 works contracts for the provision of scaffolding for new sites, such as the construction site in Kwu Tung in Sheung Shui, as well as for renovation works to be carried out in residential towers such as the Tierra Verde in Tsing Yi and to renowned hotels such as the JW Marriott Hotel in Queensway. During the period under review, the climbing scaffolding works in Airport Express Kowloon Station (Phase 6) were completed to the satisfaction of the main contractors. This excellent feedback from the Group's major customer further reinforced the foresight of the management of the Group in the substantial marketing opportunities provided by this ingenious product.

In respect of the operating results of the fitting out business division, a total of five new contracts were awarded during the period under review. Amongst the new works contracts, the significant ones included the provision of fitting out services to the shopping arcade in East Point City in Tseung Kwun O and the refurbishment of the clubhouse and main lobby of residential tower at 17 MacDonnell Road, Mid-Levels. The successful diversification of the Group into the fitting out market and the goodwill and excellent references acquired contributed to the Group in becoming one of the prominent players in the local fitting out industry. Furthermore, the revenue from the fitting out division constitutes a stream of stable income to the Group.

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 awarded for the provision of access equipment to the Venetian in Macau. Moreover, a works contract for the design, supply and installation of access equipment for a landmark commercial building complex in the Chaoyang district of Beijing, the People's Republic of China ("PRC") was secured. This signifies an important step in the Group's expansion of business operations to the PRC. The successful development and penetration of the provision of services to the construction market in Beijing will definitely promote the Group's image as a provider of sophisticated access equipment products to reap the benefits resulting from the vast development in infrastructure, real estate development and booming tourist industry in Beijing in the Years 2007 and 2008 which is predicted to last through the period when Beijing will host the Olympic Games next year. As for the Group's fleet of temporary gondolas, they enjoyed an improved percentage of utilisation following the increase in demand for temporary gondolas due to seasonal factors during the period under review.

As regards the GRC (Glass Reinforced Cement) and theme park division, on-going projects proceeded according to schedule. Contracts for the supply of GRC animal sculptures in Noah's Ark Theme Park and for GRC covered walkway in Ma Wan Park remained on-going locally. Works contracts for the supply and installation of GRC services to the external façade of the Venetian in Macau were completed during the period under review and received favourable feedback from the client. Moreover, the supply of signages and GRP (Glass Reinforced Plastic) artefacts and sculptures to a number of theme parks of India continued to contribute a stream of revenue to the Group.

In respect of the international division, considerable marketing efforts were devoted to the development of overseas construction markets to complement our already flourishing business operations in Macau. Apart from the above-mentioned securing of access equipment supply works contract in Beijing, PRC, three significant memoranda of understanding were entered into by the Group with renowned foreign corporations during the period under review with the aim to develop our international business operations. Amongst the three memoranda of understanding entered into, the most prominent one comprised of a memorandum of understanding with MKP Builders Sdn. Berhad in relation to the formation of an equity joint venture for the purposes of expanding the business in building construction, infrastructure, property development, natural resource exploration and other related industries in the African continent. In addition, another important memorandum of understanding was entered into between the Group and Wuchuan Heavy Engineering Company Limited, a prominent enterprise in Wuhan, PRC, in relation to the formation of an equity joint venture to engage in tendering

for large-scale building and civil engineering projects overseas. Furthermore, a memorandum of understanding was entered into with Juli Sling Company Limited, a renowned enterprise for the purpose of tendering for participation in civil engineering projects overseas, for example, the design and supply of materials and equipment for large-scale bridges in Asia and Europe. In the opinion of the management of the Group, the conclusion of such memoranda of understanding with renowned overseas counterparts specializing in specific fields of operations would provide valuable platform and leeway for the Group to develop profitable business in overseas markets.

Concurrently, the management of the Group is committed to being constantly vigilant in cost control in all operating units. As the economies of Greater China continue to experience considerable boom and the demand for natural resources worldwide grows substantially, an invaluable window of opportunity is presented to the Group to leverage on the expertise and financial strength of our overseas partners to further diversify into profitable overseas businesses in an effort to produce good business results thus enhancing shareholders' value.

Financial Review

For the 3 months and 6 months ended 31 October 2007, revenue decreased by 16% and 14% respectively as compared with the corresponding periods in the preceding financial year. To maintain a balanced business portfolio, the management of the Group has been actively looking for other business opportunities and possible geographic diversification into other countries during recent years. Projects in the fitting out and management contracting services divisions contributed substantial revenue to mitigate the effect of this drop and helps to maintain the financial stability of the group in anticipation of future growth.

The gross profit of the management contracting services division increased significantly. It is consequent to the carrying out and completion of certain value-added project works with satisfactory profit margins contracted with customers in Macau and India. Due to completion of many large-scale scaffolding projects in Hong Kong, gross profit contribution from this division has reduced accordingly.

Despite our business diversification, administrative expenses remained stable due to our stringent cost control. However, severe operation environment had given rise to the increase in bank borrowing and thus increased the finance costs.

Liquidity, financial resources, capital structure and gearing ratio

During the period under review, the Group financed its operations by internally generated cash flow, banking facilities and finance leases provided by banks and financial institutions.

As at 31 October 2007, the Group's consolidated shareholders' funds and net current assets were about HK\$78,137,000 (as at 30 April 2007: HK\$53,701,000) and HK\$39,069,000 (as at 30 April 2007: HK\$13,906,000) respectively. As at 31 October 2007, the Group's consolidated bank borrowings amounted to approximately HK\$62,578,000 (as at 30 April 2007: HK\$79,164,000).

As at 31 October 2007, the Group's bank and cash balances amounted to about HK\$7,122,000 (as at 30 April 2007: HK\$11,548,000) respectively.

Most of the Group's bank balances and cash, short-term and long-term bank borrowings and obligations under finance leases were denominated in Hong Kong dollars. Most of the bank borrowings bear interest at market rates and are repayable by instalments over a period of 3 months to 1 year. Obligations under finance leases have an average lease term of 2 years. All such leases have interest rates fixed at the contract date and fixed repayment bases.

As at 31 October 2007, the Group's gearing ratio (basis: bank overdrafts, total bank borrowings and obligations under finance leases divided by total assets) was about 38.5% (as at 30 April 2007: 44.1%).

The Board believes that the Group is in a healthy financial position and has sufficient financial resources to discharge its debts and satisfy its commitments and working capital requirements.

Segmental information

Business segments

The Group is currently organised into three operating divisions: (i) scaffolding and fitting out service for construction and building works, (ii) management contracting service for construction and building works and (iii) gondolas, access equipment, parapet railing installation and maintenance services. Details of result by business segments are shown in note 4 above.

Geographical segments

The Group's turnover, profit from operations and assets are derived from group companies incorporated in Hong Kong and Macau. Details of result by geographical segments are shown in note 4 above.

Significant investments, material acquisitions and disposals

There were no significant investments held by the Group, no material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the period under review.

Details of future plans for material investments or capital assets

The Directors do not have any future plans for material investments or capital assets other than those stated in the Prospectus of the Company.

Charges on assets

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

	At 31 October 2007 (Unaudited) <i>HK\$'000</i>	At 30 April 2007 (Audited) <i>HK\$'000</i>
Investment property	14,600	14,600
Prepaid lease payments	4,857	4,919
Buildings	11,851	12,000

Foreign exchange exposure

As the Group's assets and liabilities are mainly denominated in Hong Kong dollars, the Board does not consider that the Group is significantly exposed to any material foreign currency exchange risk.

Employees and remuneration policies

The total number of full-time employees in the Group was 116 at 31 October 2007 (as at 30 April 2007: 128). The Group remunerated its employees on the basis of performance, experience, and the prevailing industry practice. In addition to salaries, employee benefits included medical scheme, insurance, mandatory provident fund and share option schemes.

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

As at 31 October 2007, the interests and short positions of the Directors 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

Name of director	Number of ordinary shares held		Percentage of the issued share capital of the Company
	Personal interest	Family interest	
Mr. So Yu Shing	255,000,000	81,600,000	57.8%
Ms. Lai Yuen Mei, Rebecca	81,600,000	255,000,000	57.8%
Mr. Woo Siu Lun	14,700,000	–	2.5%
Mr. Kong Kam Wang	3,300,000	–	0.6%

Ms. Lai Yuen Mei, Rebecca is the spouse 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:

Name of director	Date granted	Exercisable period (Both dates inclusive)	Exercise price <i>HK\$</i>	Outstanding at 1.5.2007	Exercised during the period	Granted during the period	Outstanding at 31.10.2007
Mr. So Yu Shing	21 May 2002	28 May 2003 to 27 May 2009	0.381	3,000,000	–	–	3,000,000
	8 October 2007	15 April 2008 to 14 April 2014	0.60	–	–	2,800,000	2,800,000
Ms. Lai Yuen Mei, Rebecca	21 May 2002	28 May 2003 to 27 May 2009	0.381	3,000,000	–	–	3,000,000
	8 October 2007	15 April 2008 to 14 April 2014	0.60	–	–	2,800,000	2,800,000
Mr. Woo Siu Lun	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	(4,500,000)	–	–
	8 October 2007	15 April 2008 to 14 April 2014	0.60	–	–	5,800,000	5,800,000
Mr. Kong Kam Wang	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	(3,000,000)	–	1,500,000
	8 October 2007	15 April 2008 to 14 April 2014	0.60	–	–	4,300,000	4,300,000
Mr. Ip Ping Hong, Antony	8 October 2007	15 April 2008 to 14 April 2014	0.60	–	–	1,500,000	1,500,000
				<u>15,000,000</u>	<u>(7,500,000)</u>	<u>17,200,000</u>	<u>24,700,000</u>

Save as disclosed above, as at 31 October 2007, none of the Directors of the Company or their associates 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 October 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

Name of substantial shareholders	Number of ordinary shares held
Mr. So Yu Shing	255,000,000
Ms. Lai Yuen Mei, Rebecca	81,600,000

Save as disclosed above, as at 31 October 2007, the Company has not been notified of any other person (other than a Director 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 six months ended 31 October 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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. A report on the principal corporate governance practices adopted by the Company is set out in 2006 annual report of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2007, the Company had adopted a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

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 Mr. Yeung Po Chin, Mr. Lam Kwok Wing and Dr. Fung Ka Shuen, 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, and half yearly and quarterly reports.

The Group's unaudited consolidated results for the six months ended 31 October 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.

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

By order of the Board
So Yu Shing
Chairman

Hong Kong, 11 December 2007