



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**Interim Report 2009/2010**

\* *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 positioned as a market designed to accommodate 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. 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.**

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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 found 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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

## CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 October 2009

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	31,455	32,220	65,354	74,547
Cost of sales		(26,637)	(24,055)	(55,899)	(59,157)
Gross profit		4,818	8,165	9,455	15,390
Other income		434	195	1,094	353
Increase in fair value of investment properties		–	–	1,800	–
Loss on disposal of investment property		–	–	(1,050)	–
Administrative expenses		(4,512)	(5,693)	(9,262)	(10,983)
Finance costs		(716)	(905)	(1,758)	(1,721)
Share of results of jointly controlled entities		–	–	–	(621)
Profit before taxation		24	1,762	279	2,418
Taxation	6	(18)	(278)	(161)	(397)
Profit for the period		6	1,484	118	2,021
Attributable to:					
Equity holders of the Company		350	1,512	499	2,013
Minority interests		(344)	(28)	(381)	8
		6	1,484	118	2,021
Dividend	7	–	–	–	–
Earnings per share					
– basic	8	HK0.04 cent	HK0.21 cent	HK0.07 cent	HK0.27 cent

## CONSOLIDATED BALANCE SHEET

		At 31 October 2009 (Unaudited) HK\$'000	At 30 April 2009 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties		13,520	17,720
Property, plant and equipment	9	23,291	24,816
Prepaid lease payments		4,048	4,109
Goodwill		3,138	3,138
		<u>43,997</u>	<u>49,783</u>
<b>Current assets</b>			
Prepaid lease payments		121	121
Inventories		2,383	2,267
Trade receivables	10	94,188	96,534
Amounts due from customers for contract work		48,666	41,465
Retention money receivables		9,435	8,966
Prepayments, deposits and other receivables		3,008	3,288
Amount due from associates		1,094	1,089
Amount due from jointly controlled entities		6,902	6,893
Bank balances and cash		1,454	2,050
		<u>167,251</u>	<u>162,673</u>
<b>Current liabilities</b>			
Trade and other payables	11	16,830	17,048
Amounts due to customers for contract work		4,016	7,663
Retention money payables		5,385	4,201
Tax payable		890	597
Other loans		14,491	9,908
Convertible loan note		10,025	–
Obligations under finance leases		395	395
Bank borrowings	12	17,818	26,172
Bank overdrafts	12	6,907	13,830
		<u>76,757</u>	<u>79,814</u>
<b>Net current assets</b>		<u>90,494</u>	<u>82,859</u>
<b>Total assets less current liabilities</b>		<u>134,491</u>	<u>132,642</u>

		<b>At 31 October 2009 (Unaudited) HK\$'000</b>	At 30 April 2009 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Obligations under finance leases		<b>461</b>	658
Bank borrowings	<i>12</i>	<b>15,589</b>	12,904
Convertible loan note		–	9,935
Deferred tax		<b>2,027</b>	2,027
		<hr/> <b>18,077</b> <hr/>	<hr/> 25,524 <hr/>
		<b>116,414</b>	107,118
		<hr/> <b>116,414</b> <hr/>	<hr/> 107,118 <hr/>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>7,841</b>	7,353
Reserves		<b>110,349</b>	101,160
		<hr/> <b>118,190</b> <hr/>	<hr/> 108,513 <hr/>
<b>Equity attributable to equity holders of the Company</b>		<b>118,190</b>	108,513
<b>Minority interest</b>		<b>(1,776)</b>	(1,395)
		<hr/> <b>116,414</b> <hr/>	<hr/> 107,118 <hr/>
		<hr/> <b>116,414</b> <hr/>	<hr/> 107,118 <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2009

	Attributable to equity holders of the Company									
	Share capital	Share premium	Merger reserve	Revaluation reserve	Convertible		Retained profits	Total	Minority interests	Total
					Share option reserve	loan note equity reserve				
					HKS'000	HKS'000				
At 1 May 2008 (audited)	7,353	60,935	2,222	1,546	6,836	–	27,771	106,663	(1,411)	105,252
Profit for the period	–	–	–	–	–	–	2,013	2,013	8	2,021
Expenses on open offer of shares	–	(335)	–	–	–	–	–	(335)	–	(335)
Share application expenses	–	(25)	–	–	–	–	–	(25)	–	(25)
At 31 October 2008 (unaudited)	<u>7,353</u>	<u>60,575</u>	<u>2,222</u>	<u>1,546</u>	<u>6,836</u>	<u>–</u>	<u>29,784</u>	<u>108,316</u>	<u>(1,403)</u>	<u>106,913</u>
At 1 May 2009 (audited)	7,353	60,935	2,222	1,446	7,589	143	28,825	108,513	(1,395)	107,118
Profit for the period	–	–	–	–	–	–	499	499	(381)	118
Placing of shares	400	7,640	–	–	–	–	–	8,040	–	8,040
Exercise of share options	88	1,822	–	–	–	–	–	1,910	–	1,910
Expenses on placing of shares	–	(772)	–	–	–	–	–	(772)	–	(772)
At 31 October 2009 (unaudited)	<u>7,841</u>	<u>69,625</u>	<u>2,222</u>	<u>1,446</u>	<u>7,589</u>	<u>143</u>	<u>29,324</u>	<u>118,190</u>	<u>(1,776)</u>	<u>116,414</u>

### Notes:

1. 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.
2. The share option reserve of the Group represents the fair value of share options granted to the directors and employees of the Company at the relevant grant dates.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2009

	<b>Six months ended 31 October 2009 (Unaudited) HK\$'000</b>	Six months ended 31 October 2008 (Unaudited) HK\$'000
<b>Net cash used in operating activities</b>	<b>(4,631)</b>	<b>(6,916)</b>
<b>Net cash generated from investing activities</b>	<b>4,731</b>	<b>156</b>
<b>Net cash used in financing activities</b>		
New bank loan raised	<b>21,600</b>	33,492
Repayment of borrowings	<b>(27,269)</b>	(44,046)
Net (decrease)/increase in bank overdrafts	<b>(6,923)</b>	266
Net proceeds from placing of shares	<b>7,268</b>	–
Proceeds from exercise of share options	<b>1,910</b>	–
Proceeds on issue of convertible loan note	–	10,200
Other financing activities	<b>2,718</b>	(2,345)
	<b>(696)</b>	<b>(2,433)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(596)</b>	<b>(9,193)</b>
<b>Cash and cash equivalents at 1 May</b>	<b>2,050</b>	<b>13,025</b>
<b>Cash and cash equivalents at 31 October</b>	<b>1,454</b>	<b>3,832</b>

## 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 2009, 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 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation



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 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK(IFRIC) Int 17	Distribution of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

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 2009 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	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	<b>26,804</b>	22,990	<b>46,833</b>	52,707
– fitting out service	<b>1,886</b>	2,469	<b>11,906</b>	4,604
Management contracting service	–	5,516	–	10,685
Gondolas, access equipment, parapet railings installation and maintenance services	<b>2,765</b>	1,245	<b>6,615</b>	6,551
	<b>31,455</b>	32,220	<b>65,354</b>	74,547

#### 4. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions. For the six months ended 31 October 2009, the Group has 3 reportable segments – (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. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group's segment information for the six months ended 31 October 2009 is presented below:

	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>
<b>For the six months ended 31 October 2009</b>				
<b>(unaudited)</b>				
REVENUE				
Total external sales	58,739	–	6,615	65,354
SEGMENT RESULTS				
Gross profit/(loss)	11,683	(2,423)	195	9,455
Allocation of corporate expenses	(7,091)	(410)	(476)	(7,977)
	4,592	(2,833)	(281)	1,478
Other income				408
Increase in fair value of investment properties				1,800
Loss on disposal of investment property				(1,050)
Unallocated corporate expenses				(1,754)
Finance costs				(603)
Profit before taxation				279
Taxation				(161)
Profit for the period				118

For the six months ended 31 October 2008, the Group has 3 reportable segments – (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. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group’s segment information for the six months ended 31 October 2008 is presented below:

	Scaffolding and fitting out service for the construction & building works	Management contracting service for the construction and building works	Gondolas, parapet railing and access equipment installation and maintenance services	Consolidated
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>For the six months ended 31 October 2008</b>				
<b>(unaudited)</b>				
REVENUE				
Total external sales	57,311	10,685	6,551	74,547
SEGMENT RESULTS				
Gross profit/(loss)	13,070	1,815	505	15,390
Allocation of corporate expenses	(6,874)	(1,093)	(797)	(8,764)
	6,196	722	(292)	6,626
Other income				353
Unallocated corporate expenses				(2,219)
Finance costs				(1,721)
Share of results of jointly controlled entities				(621)
Profit before taxation				2,418
Taxation				(397)
Profit for the period				2,021

## 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	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	<b>803</b>	809	<b>1,631</b>	1,643

## 6. Taxation

The taxation (charge)/credit comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
– current period	(52)	(65)	(565)	(179)
Other jurisdiction				
– current period	34	(213)	404	(218)
	<b>(18)</b>	(278)	<b>(161)</b>	(397)

Hong Kong Profits Tax was provided at the rate of 16.5% and 16.5% for the six months ended 31 October 2009 and 31 October 2008 respectively 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

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2009 (six months ended 31 October 2008: 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 2009 amounting to HK\$350,000 and HK\$499,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2008 amounting to HK\$1,512,000 and HK\$2,013,000 respectively) and the weighted average number of 783,664,432 ordinary shares and 764,503,563 ordinary shares for the respective periods (three-month and six months ended 31 October 2008: 735,342,693 shares and 735,342,693 shares respectively).

No diluted earnings per share for the six months ended 31 October 2009 and for the prior periods had been presented as the Company had no dilutive potential shares during the periods.

## 9. Addition to property, plant and equipment

During the six months ended 31 October 2009, the Group incurred approximately HK\$386,000 (six months ended 31 October 2008: HK\$84,000) 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:

	<b>At 31 October 2009 (Unaudited) HK\$'000</b>	At 30 April 2009 (Audited) HK\$'000
0 to 90 days	<b>20,348</b>	19,575
91 to 180 days	<b>5,081</b>	36,407
181 to 270 days	<b>32,511</b>	18,765
Over 270 days	<b>36,248</b>	21,787
	<hr/> <b>94,188</b> <hr/>	<hr/> 96,534 <hr/>

## 11. Trade and other payables

Included in trade and other payables are trade payables of HK\$12,144,000 (as at 30 April 2009: HK\$11,213,000) with an aged analysis of trade payables shown as follows:

	<b>At 31 October 2009 (Unaudited) HK\$'000</b>	At 30 April 2009 (Audited) HK\$'000
0 to 90 days	5,819	6,480
91 to 180 days	4,559	3,163
181 to 270 days	763	638
Over 270 days	1,003	932
	<u>12,144</u>	<u>11,213</u>

## 12. Bank borrowings and overdrafts

	<b>At 31 October 2009 (Unaudited) HK\$'000</b>	At 30 April 2009 (Audited) HK\$'000
Bank borrowings and overdrafts analysed as:		
Secured	23,542	27,473
Unsecured	16,772	25,433
	<u>40,314</u>	<u>52,906</u>

The borrowings and overdrafts are repayable as follows:

On demand or within one year	24,725	40,002
More than one year, but not exceeding two years	2,175	2,933
More than two years, but not exceeding five years	4,928	4,743
After five years	8,486	5,228
	<u>40,314</u>	<u>52,906</u>
Less: Amount due within one year shown under current liabilities	<u>(24,725)</u>	<u>(40,002)</u>
Amount due after one year	<u>15,589</u>	<u>12,904</u>

### 13. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 April 2009	2,000,000,000	20,000
Increase in authorised capital ( <i>Note</i> )	8,000,000,000	80,000
	<hr/>	<hr/>
At 31 October 2009	10,000,000,000	100,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 30 April 2009	735,342,693	7,353
Placing of shares	40,000,000	400
Exercise of share options	8,800,000	88
	<hr/>	<hr/>
At 31 October 2009	784,142,693	7,841
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

On 30 July 2009, the Company announced in its notice of Annual General Meeting 2009 its proposal to increase its authorised capital from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of additional 8,000,000,000 unissued shares of HK\$0.01 each. A circular detailing the proposed capital increase was made on 30 July 2009. An ordinary resolution was duly passed at the Annual General Meeting held on 31 August 2009 and the proposed increase in authorised capital of the Company was approved.

### 14. Contingent liabilities

At 31 October 2009, the Group provided counter indemnities amounting to HK\$2,635,000 (30 April 2009: HK\$2,635,000) to banks for surety bonds issued by the bank in respect of construction contracts.



## 15. Capital commitments

	<b>At 31 October 2009 (Unaudited) HK\$'000</b>	<b>At 30 April 2009 (Audited) HK\$'000</b>
Capital expenditure contracted for but not provided in the financial statement in respect of acquisition of property, plant and equipment	<u>        -</u>	<u>        -</u>

## 16. Related party transactions

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

	<b>For the six months ended 31 October</b>	
	<b>2009 (Unaudited) HK\$'000</b>	<b>2008 (Unaudited) HK\$'000</b>
Transactions with a jointly controlled entity		
Interest income	<u>        6</u>	<u>        -</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\$3,000,000 and HK\$8,000,000 (30 April 2009: HK\$Nil and HK\$20,230,000) were made by a director in favour of financial institutions for the granting of banking facilities to the Company and a subsidiary of the Company respectively.

(iii) Compensation of key management personnel

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

	<b>For the six months ended</b>	
	<b>31 October</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Short term benefits	<b>2,190</b>	2,613
Post-employment benefits	<b>24</b>	27
	<hr/>	<hr/>
	<b>2,214</b>	2,640
	<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 2009, the turnover of the Group amounted to approximately HK\$65,354,000, representing a decrease of about 12% as compared with that of the corresponding period in 2008. Net profit attributable to equity holders of the Company for the six months ended 31 October 2009 was approximately HK\$499,000, which is equivalent to a decrease of about 75% from that of the corresponding period in 2008.

During the period under review, the business operations of the scaffolding division experienced a contraction in securing new contracts due to the severe price competition from the main competitors. For the six months ended 31 October 2009, the scaffolding division was awarded 10 works contracts for the provision of scaffolding for new construction sites and for renovation works to be carried out in local shopping centres.

In respect of the operating results of the fitting out business division, a total of 3 new contracts were awarded during the period under review. They comprised of the provision of fitting out services to the construction site at STTL 539, the provision of suspended ceilings to Site A of the residential development at Peak One, Tao Fung Shan and the provision of fitting out services to the construction site at 220-222 Tai Kok Tsui Road. Concurrently, the provision of fitting out services to the clubhouse of La Grove in Lung Tin Village has been completed to the satisfaction of the client.

In regard to the access equipment division, the contract for the design, supply and installation of access equipment for the Stonecutters Bridge was close to completion. During the period under review, the trend of significant demand for temporary gondolas persisted. The Group's fleet of temporary gondolas attained full utilization level and our management predicted a continued boom in the rental market for temporary gondolas and would further expand the gondola fleet for hire in order to maximize our capacity to operate in this market.

In respect of the international business division, the current works contracts for the supply and installation of access equipment to Parkview Green in Beijing, China and for the Venetian (Parcel 2) in Macau proceeded according to plan. Concurrently, the Group undertook active marketing activities to secure new access equipment contracts for development projects in major cities in China.

During the period under review, the management of the Group is committed to vigilant cost control in all operating units. By undertaking stringent budget control and in view of the current signs that the global economy is gradually recovering from the past year's recession, our management is of the opinion that the Group's business is in the right track and would improve steadily on a rebound of the economic business cycle in the ensuing reporting periods.

## **Financial Review**

For the 3 months and 6 months ended 31 October 2009, revenue decreased by 2% and 12% 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 scaffolding and fitting out division contributed substantial revenue to mitigate the effect of this drop and maintain the financial stability of the group in anticipation of future growth.

Notwithstanding our business diversification but under our commitment to vigilant cost control, administrative expenses decreased during the period under review. In addition, recent fund raising activities had lowered the need of bank borrowing and finance costs were maintained at a steady level.

### **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 well as placing of new shares.

As at 31 October 2009, the Group's consolidated shareholders' funds and net current assets were about HK\$118,190,000 (as at 30 April 2009: HK\$108,513,000) and HK\$90,494,000 (as at 30 April 2009: HK\$82,859,000) respectively. As at 31 October 2009, the Group's consolidated bank borrowings amounted to approximately HK\$40,314,000 (as at 30 April 2009: HK\$52,906,000).

As at 31 October 2009, the Group's bank and cash balances amounted to about HK\$1,454,000 (as at 30 April 2009: HK\$2,050,000) 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 a lease term of 4 years. All such leases have interest rates fixed at the contract date and fixed repayment bases.

As at 31 October 2009, the Group's gearing ratio (basis: bank overdrafts, total bank borrowings, obligations under finance leases and convertible note divided by total assets) was about 24.2% (as at 30 April 2009: 30.1%).

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

### *Operating segments*

The Group is currently organised into three reportable segments: (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.

### **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 general banking facilities were as follows:

	<b>At 31 October 2009 (Unaudited) <i>HK\$'000</i></b>	At 30 April 2009 (Audited) <i>HK\$'000</i>
Investment property	<b>13,520</b>	17,720
Prepaid lease payments	<b>4,169</b>	4,230
Buildings	<b>11,000</b>	11,000

## 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 122 at 31 October 2009 (as at 30 April 2009: 106). 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 2009, 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		
	Personal interest	Family interest	Percentage of the issued share capital of the Company
Mr. So Yu Shing	301,150,000	109,430,000	52.36%
Ms. Lai Yuen Mei, Rebecca	109,430,000	301,150,000	52.36%
Mr. Woo Siu Lun	18,400,000	–	2.35%
Mr. Kong Kam Wang	5,625,000	–	0.72%

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>HKS</i>	Outstanding at 1.5.2009	Granted during the period	Exercised during the period	Outstanding at 31.10.2009
Mr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	4,400,000	–	(4,400,000)	–
	7 October 2009	14 April 2010 to 13 April 2016	0.17	–	5,000,000	–	5,000,000
Ms. Lai Yuen Mei, Rebecca	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	4,400,000	–	(4,400,000)	–
	7 October 2009	14 April 2010 to 13 April 2016	0.17	–	5,000,000	–	5,000,000
Mr. Woo Siu Lun	8 October 2007	15 April 2008 to 14 April 2014	0.60	5,800,000	–	–	5,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	1,400,000	–	–	1,400,000
Mr. Kong Kam Wang	8 October 2007	15 April 2008 to 14 April 2014	0.60	4,300,000	–	–	4,300,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	2,900,000	–	–	2,900,000
				28,800,000	10,000,000	(8,800,000)	30,000,000
				28,800,000	10,000,000	(8,800,000)	30,000,000

Save as disclosed above, as at 31 October 2009, 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 October 2009, 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	301,150,000
Ms. Lai Yuen Mei, Rebecca	109,430,000

Save as disclosed above, as at 31 October 2009, 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 2009, 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 2009 annual report of the Company.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 31 October 2009, 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 2009 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 Dr. So Yu Shing (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, 14 December 2009