



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Interim Report 2010/2011

* *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 of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The Board of Directors (the “Board”) of 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 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2010

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Turnover	3	24,774	31,455	55,004	65,354
Cost of sales		(18,555)	(26,637)	(43,304)	(55,899)
Gross profit		6,219	4,818	11,700	9,455
Other income		297	434	711	1,094
Increase in fair value of investment properties		–	–	–	1,800
Loss on disposal of investment property		–	–	–	(1,050)
Administrative expenses		(4,352)	(4,512)	(8,154)	(9,262)
Finance costs		(813)	(716)	(1,646)	(1,758)
Profit before taxation		1,351	24	2,611	279
Taxation	6	(328)	(18)	(570)	(161)
Profit for the period		1,023	6	2,041	118
Other comprehensive loss, net of tax					
Expenses on placing of shares		(165)	(60)	(165)	(772)
Total comprehensive income/(loss) for the period		858	(54)	1,876	(654)
Attributable to:					
Equity holders of the Company		256	290	1,460	(273)
Minority interests		602	(344)	416	(381)
		858	(54)	1,876	(654)
Dividend	7	–	–	–	–
Earnings/(Loss) per share – basic	8	HK\$0.03 cent	HK0.04 cent	HK\$0.17 cent	(HK0.04 cent)

CONSOLIDATED BALANCE SHEET

		At 31 October 2010 (Unaudited) <i>HK\$'000</i>	At 30 April 2010 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties		17,070	17,070
Property, plant and equipment	9	21,643	21,917
Prepaid lease payments		3,947	4,003
Goodwill		3,138	3,138
		<u>45,798</u>	<u>46,128</u>
Current assets			
Prepaid lease payments		113	113
Inventories		1,261	1,272
Trade and other receivables	10	104,639	112,467
Amounts due from customers for contract work		41,371	28,770
Retention money receivables		7,933	7,704
Tax recoverable		–	223
Prepayments, deposits and other receivables		2,606	2,492
Amount due from an associate		1,185	1,174
Amount due from jointly controlled entities		7,214	6,905
Bank balances and cash		1,613	435
		<u>167,935</u>	<u>161,555</u>
Current liabilities			
Trade and other payables	11	12,303	12,694
Amounts due to customers for contract work		4,988	4,468
Retention money payables		4,496	5,006
Tax payable		540	–
Amount due to an associate		51	74
Other loans		8,464	5,958
Convertible loan note		–	10,118
Obligations under finance leases		494	395
Bank borrowings	12	17,469	15,218
Bank overdrafts	12	9,888	9,430
		<u>58,693</u>	<u>63,361</u>
Net current assets		<u>109,242</u>	<u>98,194</u>
Total assets less current liabilities		<u>155,040</u>	<u>144,322</u>

		At 31 October	At 30 April
		2010	2010
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Obligations under finance leases		667	263
Bank borrowings	<i>12</i>	24,782	26,334
Deferred tax		766	766
		<hr/> 26,215	<hr/> 27,363
		<hr/> 128,825	<hr/> 116,959
		<hr/> 128,825	<hr/> 116,959
Capital and reserves			
Share capital	<i>13</i>	9,091	8,191
Reserves		120,771	110,221
		<hr/> 129,862	<hr/> 118,412
Equity attributable to equity holders of the Company		129,862	118,412
Minority interest		(1,037)	(1,453)
		<hr/> 128,825	<hr/> 116,959
		<hr/> 128,825	<hr/> 116,959

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2010

	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Revaluation reserve	Convertible		Warrant reserve	Retained profits	Total	Minority interests	Total
					Share option reserve	loan note equity reserve					
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
At 1 May 2009 (audited)	7,353	60,935	2,222	1,446	7,589	143	-	28,825	108,513	(1,395)	107,118
Total comprehensive loss for the period	-	(772)	-	-	-	-	-	499	(273)	(381)	(654)
Placing of shares	400	7,640	-	-	-	-	-	-	8,040	-	8,040
Exercise of share options	88	1,822	-	-	-	-	-	-	1,910	-	1,910
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>-</u>	<u>29,324</u>	<u>118,190</u>	<u>(1,776)</u>	<u>116,414</u>
At 1 May 2010 (audited)	8,191	77,047	2,222	1,505	7,674	143	120	21,510	118,412	(1,453)	116,959
Total comprehensive income for the period	-	(165)	-	-	-	-	-	1,625	1,460	416	1,876
Placing of shares	900	9,090	-	-	-	-	-	-	9,990	-	9,990
At 31 October 2010 (unaudited)	<u>9,091</u>	<u>85,972</u>	<u>2,222</u>	<u>1,505</u>	<u>7,674</u>	<u>143</u>	<u>120</u>	<u>23,135</u>	<u>129,862</u>	<u>(1,037)</u>	<u>128,825</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 2010

	Six months ended 31 October 2010 (Unaudited) HK\$'000	Six months ended 31 October 2009 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	556	(4,631)
Net cash (used in)/generated from investing activities	(647)	4,731
Net cash generated from/(used in) financing activities		
New bank loan raised	18,053	21,600
Repayment of borrowings	(17,355)	(27,269)
Net increase/(decrease) in bank overdrafts	458	(6,923)
Net proceeds from placing of shares	9,825	7,268
Receipt of warrant issue price	120	–
Proceeds from exercise of share options	–	1,910
Repayment of convertible loan note	(10,200)	–
Other financing activities	368	2,718
	1,269	(696)
Increase/(Decrease) in cash and cash equivalents	1,178	(596)
Cash and cash equivalents at 1 May	435	2,050
Cash and cash equivalents at 31 October	1,613	1,454

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 2010, 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 2010.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause.

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 ¹
HKFRS 9	Financial Instruments ²
HK(IFRIC) Int 19	Extinguishing Financial Liabilities with – Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 July 2010

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 2010 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	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	20,329	26,804	48,716	46,833
– fitting out service	2,197	1,886	4,105	11,906
Management contracting service	(597)	–	(3,152)	–
Gondolas, access equipment, parapet railings installation and maintenance services	2,845	2,765	5,335	6,615
	24,774	31,455	55,004	65,354

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 2010, 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 2010 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>
For the six months ended				
31 October 2010 (unaudited)				
REVENUE				
Total external sales	52,821	(3,152)	5,335	55,004
SEGMENT RESULTS				
Gross profit/(loss)	15,009	(5,196)	1,887	11,700
Allocation of corporate expenses	(5,996)	(50)	(650)	(6,696)
	9,013	(5,246)	1,237	5,004
Other income				592
Unallocated corporate expenses				(2,279)
Finance costs				(706)
Profit before taxation				2,611
Taxation				(570)
Profit for the period				2,041

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>
For the six months ended				
31 October 2009 (unaudited)				
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

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	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Depreciation of property, plant and equipment	<u>742</u>	<u>803</u>	<u>1,504</u>	<u>1,631</u>

6. Taxation

The taxation (charge)/credit comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Hong Kong profits tax				
– current period	(609)	(52)	(1,041)	(565)
Other jurisdiction				
– current period	<u>281</u>	<u>34</u>	<u>471</u>	<u>404</u>
	<u>(328)</u>	<u>(18)</u>	<u>(570)</u>	<u>(161)</u>

Hong Kong Profits Tax was provided at the rate of 16.5% and 16.5% for the six months ended 31 October 2010 and 31 October 2009 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 2010 (six months ended 31 October 2009: 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 2010 amounting to HK\$256,000 and HK\$1,460,000 respectively (unaudited net profit/(loss) attributable to equity holders of the Group for the three months and six months ended 31 October 2009 amounting to HK\$290,000 and (HK\$273,000) respectively) and the weighted average number of 853,381,823 ordinary shares and 836,262,258 ordinary shares for the respective periods (three-month and six months ended 31 October 2009: 783,664,432 shares and 764,503,563 shares respectively).

No diluted earnings per share for the six months ended 31 October 2010 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 2010, the Group incurred approximately HK\$1,673,000 (six months ended 31 October 2009: HK\$386,000) on acquisition of property, plant and equipment.

10. Trade and other 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 2010 (Unaudited) HK\$'000	At 30 April 2010 (Audited) HK\$'000
0 to 90 days	51,216	55,961
91 to 180 days	3,520	8,355
181 to 365 days	4,343	4,742
Above 1 year to 2 years	26,598	23,793
Above 2 years	18,962	19,616
	<hr/> 104,639 <hr/> <hr/>	<hr/> 112,467 <hr/> <hr/>

11. Trade and other payables

Included in trade and other payables are trade payables of HK\$8,684,000 (as at 30 April 2010: HK\$8,643,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2010 (Unaudited) HK\$'000	At 30 April 2010 (Audited) HK\$'000
0 to 90 days	4,422	4,957
91 to 180 days	1,539	1,627
181 to 365 days	2,528	1,980
Above 1 year	195	79
	<u>8,684</u>	<u>8,643</u>

12. Bank borrowings and overdrafts

	At 31 October 2010 (Unaudited) HK\$'000	At 30 April 2010 (Audited) HK\$'000
Bank borrowings and overdrafts analysed as:		
Secured	32,123	37,754
Unsecured	20,016	13,228
	<u>52,139</u>	<u>50,982</u>
The borrowings and overdrafts are repayable as follows:		
On demand or within one year	27,357	24,648
More than one year, but not exceeding two years	3,922	3,800
More than two years, but not exceeding five years	10,336	22,534
After five years	10,524	–
	<u>52,139</u>	50,982
Less: Amount due within one year shown under current liabilities	<u>(27,357)</u>	<u>(24,648)</u>
Amount due after one year	<u>24,782</u>	<u>26,334</u>

16. Related party transactions

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

	For the six months ended	
	31 October	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Transactions with a jointly controlled entity		
Interest income	6	6

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\$1,500,000 and HK\$8,000,000 (30 April 2010: Nil and HK\$8,000,000) 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:

	For the six months ended	
	31 October	
	2010	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Short term benefits	2,302	2,190
Post-employment benefits	24	24
	2,326	2,214

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 2010, the turnover of the Group amounted to approximately HK\$55,004,000, representing a decrease of about 16% as compared with that of the corresponding period in 2009. Net profit attributable to equity holders of the Company for the six months ended 31 October 2010 was approximately HK\$1,460,000, as compared with a net loss of approximately HK\$273,000 for the corresponding period in 2009.

During the period under review, the business operations of the scaffolding division experienced severe competition. Nevertheless, the scaffolding division benefited from increased construction activities brought about by the sudden rise in price of residential units and the development in infrastructure initiated by the government. During the six months ended 31 October 2010, the scaffolding division was awarded 10 new works contracts for the provision of scaffolding services. Amongst these new contracts, the most notable one is the provision of metal scaffolding to the Cathay Pacific Cargo Terminal at Hong Kong International Airport.

In respect of the operating results of the fitting out business division, the on-going projects for the provision of fitting out services to the tower and duplex floor of the construction site at STTL 539 and to the Green Café in Union Hospital proceeded according to plan and were completed within time schedule.

In regard to the access equipment division, the Group's fleet of temporary gondolas attained a high utilization level and the management predicted the continued boom in the rental market for temporary gondolas would further boost the operating results of the access equipment division. In addition, a contract for the supply and installation of building maintenance units to Parcel 5 and 6 of the Venetian in Macau was secured during the six months ended 31 October 2010.

In respect of the international business division, the current works contracts for the supply and installation of access equipment to Parkview Green Plaza in Beijing was close to completion. Considerable goodwill was obtained by the Group upon its satisfactory completion of this overseas project.

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 bullish property market and increased number of infrastructure and real estate development projects in Hong Kong, the management is of the opinion that the Group's business is on the right track and would improve steadily in the ensuing reporting periods.

Financial Review

For the 3 months and 6 months ended 31 October 2010, revenue decreased by 21% and 16% 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. During the 6 months ended 31 October 2010, the convertible loan note previously issued was repaid in full.

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 2010, the Group's consolidated shareholders' funds and net current assets were about HK\$129,889,000 (as at 30 April 2010: HK\$118,412,000) and HK\$109,269,000 (as at 30 April 2010: HK\$98,194,000) respectively. As at 31 October 2010, the Group's consolidated bank borrowings amounted to approximately HK\$52,139,000 (as at 30 April 2010: HK\$50,982,000).

As at 31 October 2010, the Group's bank and cash balances amounted to about HK\$1,613,000 (as at 30 April 2010: HK\$435,000) 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 2010, the Group's gearing ratio (basis: bank overdrafts, total bank borrowings, obligations under finance leases and convertible note divided by total assets) was about 24.9% (as at 30 April 2010: 29.7%).

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:

	At 31 October 2010 (Unaudited) <i>HK\$'000</i>	At 30 April 2010 (Audited) <i>HK\$'000</i>
Investment property	17,070	17,070
Prepaid lease payments	4,060	4,116
Buildings	10,655	10,800

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 110 at 31 October 2010 (as at 30 April 2010: 113). 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 2010, 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	
Dr. So Yu Shing	301,150,000	109,430,000	45.16%
Ms. Lai Yuen Mei, Rebecca	109,430,000	301,150,000	45.16%
Mr. Woo Siu Lun	18,400,000	–	2.02%
Mr. Kong Kam Wang	5,255,000	–	0.58%

Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. 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 1.5.2010	Granted during the period	Exercised during the period	Outstanding at 31.10.2010
Dr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	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
	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
				30,000,000	–	–	30,000,000
				30,000,000	–	–	30,000,000

Save as disclosed above, as at 31 October 2010, 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 2010, 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
Dr. So Yu Shing	301,150,000
Ms. Lai Yuen Mei, Rebecca	109,430,000

Save as disclosed above, as at 31 October 2010, 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 2010, 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 2010 annual report of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2010, 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 2010 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, 13 December 2010