



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**Interim Report 2013/2014**

\* *For identification purpose only*

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

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The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2013

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover	3	29,270	36,327	59,344	68,692
Cost of sales		(25,929)	(28,984)	(50,300)	(56,672)
Gross profit		3,341	7,343	9,044	12,020
Other income		887	271	1,131	957
Increase in fair value of investment properties		–	3,300	–	3,300
Operating expenses		(3,844)	(7,506)	(7,875)	(11,226)
Finance costs		(527)	(374)	(1,050)	(718)
Profit/(Loss) before taxation		(143)	3,034	1,250	4,333
Taxation	6	18	(1,245)	(221)	(1,490)
Profit/(Loss) for the period		(125)	1,789	1,029	2,843
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income/(loss) for the period		(125)	1,789	1,029	2,843
Profit and total comprehensive income/(loss) attributable to:					
Equity holders of the Company		(56)	1,865	1,069	2,977
Non-controlling interests		(69)	(76)	(40)	(134)
		(125)	1,789	1,029	2,843
Dividend	7	–	–	–	–
Earnings/(Loss) per share					
– basic	8	(HK0.005 cent)	HK0.17 cent	HK0.095 cent	HK0.27 cent

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2013 (Unaudited) HK\$'000	At 30 April 2013 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties		35,750	35,750
Property, plant and equipment	9	31,983	30,641
Goodwill		3,138	3,138
		<u>70,871</u>	<u>69,529</u>
<b>Current assets</b>			
Amount due from associates		32	–
Amounts due from a jointly controlled entity		9	–
Amounts due from customers for contract work		75,053	64,297
Inventories		662	876
Prepayments, deposits and other current assets		2,460	2,438
Trade and other receivables	10	65,449	57,072
Retention monies receivable		6,719	6,717
Current tax recoverable		177	62
Pledged bank deposit		680	680
Bank balances and cash		4,138	7,221
		<u>155,379</u>	<u>139,363</u>
<b>Current liabilities</b>			
Amounts due to customers for contract work		11,951	3,289
Trade and other payables	11	14,054	14,957
Retention monies payable		3,449	3,251
Current tax payable		1,353	1,133
Obligations under finance leases – current portion	14	613	610
Other loans – unsecured		8,790	5,341
Bank loans	12	44,017	35,237
Bank overdrafts	12	10,192	13,968
		<u>94,419</u>	<u>77,786</u>
<b>Net current assets</b>		<u>60,960</u>	<u>61,577</u>
<b>Total assets less current liabilities</b>		<u>131,831</u>	<u>131,106</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

		<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Obligations under finance leases – non-current portion	14	717	1,021
Deferred tax liabilities		<b>2,111</b>	2,111
		<b>2,828</b>	3,132
		<b>129,003</b>	127,974
<b>Capital and reserves</b>			
Share capital	13	11,198	11,198
Reserves		<b>124,105</b>	123,036
<b>Equity attributable to equity holders of the Company</b>		<b>135,303</b>	134,234
<b>Non-controlling interests</b>		<b>(6,300)</b>	(6,260)
		<b>129,003</b>	127,974

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2013

	Attributable to equity holders of the Company								
	Share capital	Share premium	Merger reserve	Share option reserve	Warrant reserve	Retained profits/ losses (Accumulated)	Total	Non-controlling interests	Total
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1 May 2012 (Audited)	11,198	119,374	2,222	7,667	–	7,316	147,777	(6,000)	141,777
Total comprehensive income for the period	–	–	–	–	–	2,977	2,977	(134)	2,843
Issue of warrants	–	–	–	–	200	–	200	–	200
At 31 October 2012 (Unaudited)	<u>11,198</u>	<u>119,374</u>	<u>2,222</u>	<u>7,667</u>	<u>200</u>	<u>10,293</u>	<u>150,954</u>	<u>(6,134)</u>	<u>144,820</u>
At 1 May 2013 (Audited)	11,198	119,374	2,222	7,174	200	(5,934)	134,234	(6,260)	127,974
Total comprehensive income for the period	–	–	–	–	–	1,069	1,069	(40)	1,029
At 31 October 2013 (Unaudited)	<u>11,198</u>	<u>119,374</u>	<u>2,222</u>	<u>7,174</u>	<u>200</u>	<u>(4,865)</u>	<u>135,303</u>	<u>(6,300)</u>	<u>129,003</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 2013

	<b>Six months ended 31 October 2013 (Unaudited) HK\$'000</b>	Six months ended 31 October 2012 (Unaudited) HK\$'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,525)</b>	3,331
<b>Net cash used in investing activities</b>	<b>(3,660)</b>	(2,130)
<b>Net cash generated from/(used in) financing activities</b>		
New bank loan raised	53,401	20,445
Repayment of bank loans	(44,621)	(19,244)
Receipt of warrant issue price	–	200
Other financing activities	2,098	(1,528)
	<u>10,878</u>	<u>(127)</u>
<b>Increase in cash and cash equivalents</b>	<b>693</b>	1,074
<b>Cash and cash equivalents at 1 May</b>	<b>(6,747)</b>	(301)
<b>Cash and cash equivalents at 31 October</b>	<b>(6,054)</b>	773
<b>Analysis of cash and cash equivalents at end of the period</b>		
Bank balances and cash	4,138	7,753
Bank overdrafts	(10,192)	(6,980)
	<u>(6,054)</u>	<u>773</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Basis of preparation

The unaudited condensed consolidated financial information 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 consolidated financial information has been prepared under 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 consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 April 2013, except as described below.

The Group has adopted and applied, for the first time, the following new standards or interpretations issued by HKICPA that have been issued and effective for the financial year beginning 1 May 2013:

HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of new and revised HKFRSs had no effect on the condensed consolidated financial information for the current or 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.

HK (IFRIC) – Int 21	Levies <sup>1</sup>
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<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014



## 2. Principal accounting policies (Continued)

The preparation of condensed consolidated financial information 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 consolidated financial information. These condensed consolidated financial information should be read in conjunction with the 2013 annual consolidated financial statements.

## 3. Turnover

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

	For the three months ended 31 October		For the six months ended 31 October	
	2013 (Unaudited) <i>HK\$'000</i>	2012 (Unaudited) <i>HK\$'000</i>	2013 (Unaudited) <i>HK\$'000</i>	2012 (Unaudited) <i>HK\$'000</i>
<b>Turnover</b>				
Contract revenue in respect of construction and building work for the provision of				
– scaffolding services	21,817	34,611	43,699	65,426
– fitting out services	6,217	480	10,614	1,191
Management contracting services	250	–	259	–
Gondolas, access equipment and parapet railings installation and maintenance services	986	1,236	4,772	2,075
	<u>29,270</u>	<u>36,327</u>	<u>59,344</u>	<u>68,692</u>

#### 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 2013, the Group had 3 reportable segments – (i) scaffolding and fitting out services for the construction and building work, (ii) management contracting services for the construction and building work, and (iii) gondolas, access equipment and parapet railings 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 2013 is presented below:

	Scaffolding and fitting out services for the construction & building work <i>HK\$ '000</i>	Management contracting services for the construction and building work <i>HK\$ '000</i>	Gondolas, access equipment and parapet railings installation and maintenance services <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
<b>For the six months ended 31 October 2013</b>				
<b>(unaudited)</b>				
REVENUE				
Total external sales	<u>54,313</u>	<u>259</u>	<u>4,772</u>	<u>59,344</u>
SEGMENT RESULTS				
Gross profit	7,434	25	1,585	9,044
Other income	655	–	–	655
Operating expenses	<u>(6,243)</u>	<u>(59)</u>	<u>(624)</u>	<u>(6,926)</u>
	<u>1,846</u>	<u>(34)</u>	<u>961</u>	<u>2,773</u>
Unallocated other income				476
Unallocated operating expenses				<u>(1,999)</u>
Profit before taxation				1,250
Taxation				<u>(221)</u>
Profit for the period				<u>1,029</u>

#### 4. Operating segments (Continued)

For the six months ended 31 October 2012, the Group had 3 reportable segments – (i) scaffolding and fitting out services for the construction and building works, (ii) management contracting services for the construction and building works, and (iii) gondolas, access equipment and parapet railings 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 2012 is presented below:

	Scaffolding and fitting out services for the construction & building work <i>HK\$'000</i>	Management contracting services for the construction and building work <i>HK\$'000</i>	Gondolas, access equipment and parapet railings installation and maintenance services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the six months ended 31 October 2012</b>				
<b>(unaudited)</b>				
REVENUE				
Total external sales	66,617	–	2,075	68,692
SEGMENT RESULTS				
Gross profit/(loss)	12,464	(289)	(155)	12,020
Other income	77	–	10	87
Operating expenses	(4,647)	(3,537)	(840)	(9,024)
	7,894	(3,826)	(985)	3,083
Unallocated other income				870
Increase in fair value of investment properties				3,300
Unallocated operating expenses				(2,920)
Profit before taxation				4,333
Taxation				(1,490)
Profit for the period				2,843

#### 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	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	247	305	460	580

## 6. Taxation

Taxation comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax – current period	18	(1,048)	(221)	(1,475)
Other jurisdiction – current period	–	(182)	–	–
	<u>18</u>	<u>(1,230)</u>	<u>(221)</u>	<u>(1,475)</u>
Deferred tax – current period	–	(15)	–	(15)
	<u>18</u>	<u>(1,245)</u>	<u>(221)</u>	<u>(1,490)</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 31 October 2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the six months ended 31 October 2013.

No Macau Complementary Tax has been provided as the Group had no assessable profits subject to such tax for the six months ended 31 October 2013.

Deferred tax was provided at the rate of 16.5% for the six months ended 31 October 2012 on the tax effect arising from timing differences on accelerated tax depreciation which is expected to crystallise in the foreseeable future.

## 7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2013 (six months ended 31 October 2012: Nil).

## 8. Earnings/(Loss) per share

The calculation of the basic earnings/(loss) per share is based on the unaudited net loss and profit attributable to equity holders of the Group for the three months and six months ended 31 October 2013 amounting to HK\$56,000 and HK\$1,069,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2012 amounting to HK\$1,865,000 and HK\$2,977,000 respectively) and the weighted average number of 1,119,762,693 ordinary shares and 1,119,762,693 ordinary shares for the respective periods (three months and six months ended 31 October 2012: 1,119,762,693 shares and 1,119,762,693 shares respectively).

No diluted earnings/(loss) per share for the six months ended 31 October 2013 and for the prior periods had been presented as the Company had no dilutive potential shares during the periods.

## 9. Additions to property, plant and equipment

During the six months ended 31 October 2013, the Group spent approximately HK\$3,664,000 (six months ended 31 October 2012: HK\$3,398,000) on the acquisition of property, plant and equipment.

## 10. Trade and other receivables

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 and other receivables is as follows:

	<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
0 to 90 days	30,934	28,177
91 to 180 days	6,189	3,382
181 to 365 days	3,104	4,657
Above 1 year	25,222	20,856
	<u>65,449</u>	<u>57,072</u>

## 11. Trade and other payables

Included in trade and other payables are trade payables of HK\$8,368,000 (as at 30 April 2013: HK\$10,216,000) with an aged analysis of trade payables shown as follows:

	<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
0 to 90 days	3,956	6,793
91 to 180 days	2,356	1,088
181 to 365 days	1,167	2,264
Above 1 year	889	71
	<u>8,368</u>	<u>10,216</u>

## 12. Bank loans and overdrafts

Bank loans and overdrafts are secured and are repayable on demand or within one year.

## 13. Share capital

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 30 April 2013 and 31 October 2013	<u>1,119,762,693</u>	<u>11,198</u>

**14. Obligations under finance leases**

	Minimum lease payments		Present value of minimum lease payments	
	At 31 October 2013 (Unaudited) <i>HK\$'000</i>	At 30 April 2013 (Audited) <i>HK\$'000</i>	At 31 October 2013 (Unaudited) <i>HK\$'000</i>	At 30 April 2013 (Audited) <i>HK\$'000</i>
Within one year	703	703	613	610
In the second to fifth year inclusive	742	1,093	717	1,021
	<u>1,445</u>	<u>1,796</u>		
Less: future finance charges	(115)	(165)		
Present value of lease obligations	<u>1,330</u>	<u>1,631</u>	1,330	1,631
Less: Amount due within one year shown under current liabilities			(613)	(610)
Amount due after one year			<u>717</u>	<u>1,021</u>

## 15. Commitments

Operating lease commitments and arrangements

*The Group as lessee*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
Within one year	445	467
In the second to fifth year inclusive	<u>58</u>	<u>261</u>
	<b><u>503</u></b>	<b><u>728</u></b>

Operating lease payments represent rentals payable for certain of its office premises and warehouse. Leases are negotiated for an average term of three years and rentals are fixed for an average term of three years.

*The Group as lessor*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
Within one year	624	586
In the second to fifth year inclusive	<u>490</u>	<u>–</u>
	<b><u>1,114</u></b>	<b><u>586</u></b>

Leases are negotiated and rentals are fixed for terms of one year.

## 16. Related party transactions

- (i) During the period, the Group entered into the following transactions with a related party:

	<b>For the six months ended</b>	
	<b>31 October</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Transactions with a jointly controlled entity		
Interest income	<u>4</u>	<u>6</u>

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

- (ii) 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>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short term benefits	<b>3,288</b>	3,123
Post-employment benefits	<u>45</u>	<u>44</u>
	<b><u>3,333</u></b>	<b><u>3,167</u></b>

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 2013, the turnover of the Group amounted to approximately HK\$59,344,000, representing a decrease of approximately 14% as compared with that of the corresponding period in 2012. Net profit attributable to equity holders of the Company for the six months ended 31 October 2013 was approximately HK\$1,069,000, representing a decrease of approximately 64% as compared with that of the corresponding period in 2012.

During the period under review, the business operations of the scaffolding division continued to face severe competition with lower profit margin and limited room for price increases. During the six months ended 31 October 2013, the scaffolding division was awarded 24 new works contracts for the provision of scaffolding services.

In respect of the operating results of the fitting out business division, the contract for the provision of fitting out services to the bridal room at 100th floor of International Commerce Centre proceeded according to plan and was near completion during the period under review.

In regard to the access equipment division, the Group's fleet of temporary gondolas attained a satisfactory rate of utilisation. The business outlook of the rental market for temporary gondolas remains bright.

During the period under review, the management of the Group was committed to vigilant cost control in all operating units. By undertaking stringent budget control, the Group's aim is to attain an optimum level of operations with efficient deployment of resources at its disposal.

### **Financial Review**

For the 3 months and 6 months ended 31 October 2013, revenue decreased by approximately 19% 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 in recent years. Projects in the scaffolding and fitting out division together with temporary gondola rentals contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

Excluding the provision for doubtful debts amounting to approximately \$3,596,000 included in operating expenses for the preceding financial year, operating expenses and finance costs increased during the period under review. Nevertheless, the Group continued to adopt its policy of vigilant cost control for the ensuing periods.

## **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 2013, the Group's consolidated shareholders' funds and net current assets were approximately HK\$135,303,000 (as at 30 April 2013: approximately HK\$134,234,000) and HK\$60,960,000 (as at 30 April 2013: approximately HK\$61,577,000) respectively. As at 31 October 2013, the Group's consolidated bank borrowings amounted to approximately HK\$54,209,000 (as at 30 April 2013: approximately HK\$49,205,000).

As at 31 October 2013, the Group's bank and cash balances amounted to approximately HK\$4,138,000 (as at 30 April 2013: approximately HK\$7,221,000).

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 2013, the Group's gearing ratio (basis: bank loans, bank overdrafts and obligations under finance leases divided by shareholders' funds) was approximately 41% (as at 30 April 2013: approximately 38%).

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 services for construction and building work, (ii) management contracting services for construction and building work and (iii) gondolas, access equipment and parapet railings installation and maintenance services. Details of results 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 acquisition of capital assets.

### Charges on assets

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

	<b>At 31 October 2013 (Unaudited) HK\$'000</b>	At 30 April 2013 (Audited) HK\$'000
Investment properties	<b>35,750</b>	35,750
Leasehold land and buildings	<b>7,703</b>	7,817
Pledged deposit	<b>680</b>	680

### Foreign exchange exposure

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars. Wui Loong Scaffolding Works Company Limited, one of the Group's subsidiaries, entered into a foreign currency forward contract with DBS Bank (Hong Kong) Limited on 27 March 2013. This foreign currency forward contract is a derivative and classified as a financial asset at fair value through profit or loss. The Directors consider that there is potential foreign exchange exposure of the Group in regard of this foreign currency forward contract.

### Employees and remuneration policies

The total number of full-time employees in the Group was 130 at 31 October 2013 (as at 30 April 2013: 137). 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 2013, 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	324,310,000	115,720,000	39.30%
Ms. Lai Yuen Mei, Rebecca	115,720,000	324,310,000	39.30%
Mr. Woo Siu Lun	20,290,000	–	1.81%
Mr. Kong Kam Wang	7,145,000	–	0.64%
Mr. So Wang Bon, Edward	5,849,901	–	0.52%

Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**

**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 HK\$	Outstanding at 1.5.2013	Granted during the period	Exercised during the period	Outstanding at 31.10.2013
Dr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	9 November 2012	23 November 2012 to 22 November 2014	0.061	8,300,000	–	–	8,300,000
Ms. Lai Yuen Mei, Rebecca	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	9 November 2012	23 November 2012 to 22 November 2014	0.061	8,300,000	–	–	8,300,000
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
	9 November 2012	23 November 2012 to 22 November 2014	0.061	3,900,000	–	–	3,900,000
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
	9 November 2012	23 November 2012 to 22 November 2014	0.061	3,900,000	–	–	3,900,000
Mr. So Wang Bon, Edward	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
	9 November 2012	23 November 2012 to 22 November 2014	0.061	3,900,000	–	–	3,900,000
Mr. Yu Yeung Hoi, Stephen	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	–	–	2,000,000
Mr. Yeung Po Chin	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	–	–	2,000,000
Mr. Lam Kwok Wing	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	–	–	2,000,000
Dr. Fung Ka Shuen	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	–	–	2,000,000
				<u>63,500,000</u>	<u>–</u>	<u>–</u>	<u>63,500,000</u>

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 31 October 2013, 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 2013, 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	324,310,000
Ms. Lai Yuen Mei, Rebecca	115,720,000
China Mineral United Holdings Limited ( <i>Note 1</i> )	35,080,000
Ms. Zhang Hailan ( <i>Note 2</i> )	48,130,000

### Note:

1. China Mineral United Holdings Limited, a company incorporated in the British Virgin Islands, is 100% beneficially owned by Mr. Zheng Zhi. As such, Mr. Zheng Zhi is also deemed to be the beneficial owner of 35,080,000 ordinary shares of the Company. Together with the 48,130,000 ordinary shares of the Company held by Ms. Zhang Hailan, the spouse of Mr. Zheng Zhi, Mr. Zheng Zhi is deemed to have interest in a total of 83,210,000 ordinary shares of the Company and hence a substantial shareholder of the Company.
2. 48,130,000 ordinary shares of the Company are held by Ms. Zhang Hailan. Together with the 35,080,000 ordinary shares of the Company held by Mr. Zheng Zhi, the spouse of Ms. Zhang Hailan, via China Mineral United Holdings Limited, Ms. Zhang Hailan is deemed to have interests in a total of 83,210,000 ordinary shares of the Company and hence a substantial shareholder of the Company.

Save as disclosed above, as at 31 October 2013, 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 2013, 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 2013 annual report of the Company.

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

During the six months ended 31 October 2013, 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. Lam Kwok Wing, Mr. Yeung Po Chin 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 2013 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 (Executive Director and Chief Executive Officer), Ms. Lai Yuen Mei, Rebecca (Executive Director), Mr. Woo Siu Lun (Executive Director), Mr. So Wang Bon, Edward (Executive Director), Mr. Yu Yeung Hoi, Stephen (Executive Director), Mr. Yeung Po Chin (Independent Non-executive Director), Mr. Lam Kwok Wing (Independent Non-executive Director) and Dr. Fung Ka Shuen (Independent Non-executive Director).

By order of the Board  
**So Yu Shing**  
*Chairman*

Hong Kong, 12 December 2013