



**WLS Holdings Limited**

**滙隆控股有限公司\***

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

**(Stock Code: 8021)**

**Interim Report 2014/2015**

\* *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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\* For identification purpose only

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 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2014

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover	3	32,365	29,270	62,945	59,344
Cost of sales		(26,818)	(25,929)	(48,666)	(50,300)
Gross profit		5,547	3,341	14,279	9,044
Other income		755	887	1,037	1,131
Increase in fair value of investment properties		1,320	–	1,320	–
Gain on disposal of property, plant and equipment		10	–	10	–
Operating and administrative expenses		(4,334)	(3,844)	(11,003)	(7,875)
Finance costs	5(a)	(2,098)	(527)	(2,628)	(1,050)
Profit/(Loss) before taxation	5	1,200	(143)	3,015	1,250
Taxation	6	(414)	18	(742)	(221)
Profit/(Loss) for the period		786	(125)	2,273	1,029
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income/(loss) for the period		786	(125)	2,273	1,029
Profit/(Loss) and total comprehensive income/(loss) attributable to:					
Equity holders of the Company		748	(56)	2,276	1,069
Non-controlling interests		38	(69)	(3)	(40)
		786	(125)	2,273	1,029
Dividend	7	–	–	–	–
		(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Earnings/(Loss) per share					
– basic	8	HK0.187 cent	(HK0.020 cent)	HK0.591 cent	HK0.382 cent
– diluted	8	HK0.187 cent	(HK0.020 cent)	HK0.591 cent	HK0.382 cent

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2014 (Unaudited) HK\$'000	At 30 April 2014 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties		80,990	36,370
Property, plant and equipment	9	37,646	33,870
Deferred tax assets		8,018	8,018
		<u>126,654</u>	<u>78,258</u>
<b>Current assets</b>			
Amounts due from associates		53	34
Amounts due from joint ventures		20	15
Amounts due from customers for contract work		33,269	24,704
Inventories		1,121	774
Prepayments, deposits and other current assets		5,919	6,068
Trade and other receivables	10	53,127	58,920
Retention monies receivables		6,524	6,348
Current tax recoverable		34	80
Pledged bank deposit		–	680
Bank balances and cash		31,790	7,405
		<u>131,857</u>	<u>105,028</u>
<b>Current liabilities</b>			
Other loans – unsecured		9,979	9,689
Amounts due to customers for contract work		2,023	6,452
Trade and other payables	11	14,156	15,054
Retention monies payables		2,193	1,779
Current tax payable		3,325	2,872
Convertible bonds	15	24,196	–
Obligations under finance leases – current portion	14	659	577
Bank loans	12	36,584	41,205
Bank overdrafts	12	11,141	11,772
		<u>104,256</u>	<u>89,400</u>
<b>Net current assets</b>		<u>27,601</u>	<u>15,628</u>
<b>Total assets less current liabilities</b>		<u>154,255</u>	<u>93,886</u>

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

		<b>At 31 October 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Obligations under finance leases – non-current portion	14	<b>218</b>	444
Deferred tax liabilities		<b>273</b>	273
		<u><b>491</b></u>	<u>717</u>
<b>Net assets</b>		<u><b>153,764</b></u>	<u>93,169</u>
<b>Capital and reserves</b>			
Share capital	13	<b>19,177</b>	13,843
Reserves		<b>119,881</b>	85,780
		<u><b>139,058</b></u>	<u>99,623</u>
<b>Equity attributable to equity holders of the Company</b>		<b>139,058</b>	99,623
<b>Non-controlling interests</b>		<b>14,706</b>	(6,454)
		<u><b>153,764</b></u>	<u>93,169</u>
<b>Total equity</b>		<u><b>153,764</b></u>	<u>93,169</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2014

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	Warrant reserve	Equity component of convertible bonds	Accumulated losses	Total	Non-controlling interests	Total
	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i> <i>(Note 1)</i>	<i>HKS '000</i> <i>(Note 2)</i>	<i>HKS '000</i> <i>(Note 3)</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>
At 1 May 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)	11,198	119,374	-	2,222	7,174	200	-	(4,865)	135,303	(6,300)	129,003
At 1 May 2014 (Audited)	13,843	143,393	-	2,222	1,644	200	-	(61,679)	99,623	(6,454)	93,169
Total comprehensive income for the period	-	-	-	-	-	-	-	2,276	2,276	(3)	2,273
Grant of share options	-	-	-	-	1,723	-	-	-	1,723	-	1,723
Exercise of warrants	2,000	13,000	-	-	-	-	-	-	15,000	-	15,000
Exercise of share options	138	941	-	-	-	-	-	-	1,079	-	1,079
Subscription of shares	3,196	10,946	-	-	-	-	-	-	14,142	-	14,142
Expenses on subscription of shares	-	(125)	-	-	-	-	-	-	(125)	-	(125)
Issue of convertible bonds	-	-	-	-	-	-	5,340	-	5,340	-	5,340
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	21,163	21,163
Transfer to contributed surplus (Note 1)	-	(157,334)	157,334	-	-	-	-	-	-	-	-
At 31 October 2014 (Unaudited)	19,177	10,821	157,334	2,222	3,367	200	5,340	(59,403)	139,058	14,706	153,764

### Notes:

1. The contributed surplus of the Group represents the amount transferred from share premium amount upon the cancellation of the entire amount standing to the credit of the share premium account as at 28 August 2014 pursuant to a special resolution passed by the shareholders at an extraordinary meeting held on that date.
2. 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.
3. 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 2014

	Six months ended 31 October 2014 (Unaudited) HK\$'000	Six months ended 31 October 2013 (Unaudited) HK\$'000
<b>Net cash used in operating activities</b>	<b>(1,099)</b>	<b>(6,525)</b>
<b>Net cash used in investing activities</b>		
Purchase of property, plant and equipment	(6,332)	(3,664)
Release of pledged bank deposit	680	–
Net cash outflow from acquisition of assets through acquisition of a subsidiary	(21,547)	–
Other investing activities	10	4
	<u>(27,189)</u>	<u>(3,660)</u>
<b>Net cash generated from financing activities</b>		
New bank loan raised	34,451	53,401
Repayment of bank loans	(39,072)	(44,621)
Net proceed on issue of convertible bonds	28,800	–
Exercise of warrants	15,000	–
Proceed on share subscription	14,142	–
Exercise of share options	1,079	–
Other financing activities	(1,097)	2,098
	<u>53,304</u>	<u>10,878</u>
<b>Increase in cash and cash equivalents</b>	<b>25,016</b>	<b>693</b>
<b>Cash and cash equivalents at 1 May</b>	<b>(4,367)</b>	<b>(6,747)</b>
<b>Cash and cash equivalents at 31 October</b>	<b>20,649</b>	<b>(6,054)</b>
<b>Analysis of cash and cash equivalents at end of the period</b>		
Bank balances and cash	31,790	4,138
Bank overdrafts	(11,141)	(10,192)
	<u>20,649</u>	<u>(6,054)</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Corporate information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and continued in Bermuda and its shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

The principal activities of the Group are the provision of scaffolding and fitting and services, management contracting services, and other services for construction and buildings work.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

### 2. Basis of preparation and principal accounting policies

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.

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 2014, 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 2014:

HK (IFRIC) – Int 21	Levies
Annual Improvements to HKFRSs 2010-2012 Cycle	

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.

HKFRS 9 (2014)	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferred Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Annual Improvements to HKFRSs 2011-2013 Cycle <sup>4</sup>	
Annual Improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017



## 2. Principal accounting policies (Continued)

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

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 2014 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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Turnover</b>				
Contract revenue in respect				
of construction and building				
work for the provision of				
– scaffolding services	27,539	21,817	53,777	43,699
– fitting out services	–	6,217	40	10,614
Management contracting services	849	250	2,750	259
Gondolas, access equipment and parapet railings installation and maintenance services	3,977	986	6,378	4,772
	<u>32,365</u>	<u>29,270</u>	<u>62,945</u>	<u>59,344</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 2014, 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 2014 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 2014</b>				
<b>(unaudited)</b>				
REVENUE				
Total external sales	<u>53,817</u>	<u>2,750</u>	<u>6,378</u>	<u>62,945</u>
SEGMENT RESULTS				
Gross profit	12,736	271	1,272	14,279
Other income	91	4	–	95
Gain on disposal of property, plant and equipment	10	–	–	10
Operating expenses	<u>(5,414)</u>	<u>(31)</u>	<u>(1,137)</u>	<u>(6,582)</u>
	<u>7,423</u>	<u>244</u>	<u>135</u>	<u>7,802</u>
Increase in fair value of investment properties				1,320
Unallocated other income				942
Unallocated operating expenses				<u>(7,049)</u>
Profit before taxation				3,015
Taxation				<u>(742)</u>
Profit for the period				<u><u>2,273</u></u>

#### 4. Operating segments (Continued)

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 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 2013 is presented below:

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

## 5. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging the following:

	For the three months ended 31 October		For the six months ended 31 October	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
(a) Finance costs				
Interest on bank loans				
– wholly repayable within five years	386	578	803	1,105
– wholly repayable beyond five years	173	37	348	75
Interest on other loans	145	114	290	199
Interest on obligations under finance leases	18	24	36	51
Interest on convertible bonds	1,573	–	1,573	–
	<u>2,295</u>	<u>753</u>	<u>3,050</u>	<u>1,430</u>
Less: Amount capitalised in construction contracts	(197)	(226)	(422)	(380)
	<u>2,098</u>	<u>527</u>	<u>2,628</u>	<u>1,050</u>
(b) Depreciation of property, plant and equipment	280	247	535	460

## 6. Taxation

Taxation comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Hong Kong profits tax – current period	(414)	18	(742)	(221)
Other jurisdiction – current period	–	–	–	–
	<u>(414)</u>	<u>18</u>	<u>(742)</u>	<u>(221)</u>
Deferred tax – current period	–	–	–	–
	<u>(414)</u>	<u>18</u>	<u>(742)</u>	<u>(221)</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 31 October 2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the six months ended 31 October 2014.

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 2014.

## 7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2014 (six months ended 31 October 2013: Nil).

## 8. Earnings/(Loss) per share

The calculation of the basic earnings/(loss) 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 2014 amounting to HK\$748,000 and HK\$2,276,000 respectively (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). The weighted average numbers of ordinary shares for the purpose of basic and diluted earnings/(loss) per share are as follows:

	For the three months ended 31 October			For the six months ended 31 October		
	2014 (Unaudited)	2013 (Unaudited, as restated)	2013 (Unaudited, as previously stated)	2014 (Unaudited)	2013 (Unaudited, as restated)	2013 (Unaudited, as previously stated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>399,955,347</u>	<u>279,940,673</u>	<u>1,119,762,693</u>	<u>385,312,956</u>	<u>279,940,673</u>	<u>1,119,762,693</u>
	HK Cent	HK Cent (Restated)	HK Cent (Previously stated)	HK Cent	HK Cent (Restated)	HK Cent (Previously stated)
Earnings/(Loss) per share						
– Basic	0.187	(0.020)	(0.005)	0.591	0.382	0.095
– Diluted	0.187	(0.020)	(0.005)	0.591	0.382	0.095

No adjustment has been made to the earnings/(loss) per share amount presented in respect of the share options and convertible bonds outstanding during the period as both have an anti-dilutive effect on the earnings/(loss) per share amount presented.

The weighted average numbers of ordinary shares for the three months and six months ended 31 October 2013 and 2014 for the purpose of basic and diluted earnings/(loss) per share have been adjusted and restated respectively resulting from the share consolidation completed on 21 August 2014.

## 9. Additions to property, plant and equipment

During the six months ended 31 October 2014, the Group spent approximately HK\$6,332,000 (six months ended 31 October 2013: HK\$3,664,000) 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 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
0 to 90 days	12,939	21,288
91 to 180 days	3,052	9,443
181 to 365 days	9,295	8,339
Above 1 year	27,841	19,850
	<u>53,127</u>	<u>58,920</u>

## 11. Trade and other payables

Included in trade and other payables are trade payables of HK\$10,060,000 (as at 30 April 2014: HK\$10,412,000) with an aged analysis of trade payables shown as follows:

	<b>At 31 October 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
0 to 90 days	6,351	6,311
91 to 180 days	1,678	3,041
181 to 365 days	2,029	1,010
Above 1 year	2	50
	<u>10,060</u>	<u>10,412</u>

## 12. Bank loans and overdrafts

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

### 13. Share capital

	Par value HK\$	Number of ordinary shares	Amount HK\$ '000
<b>Authorised:</b>			
At 1 May 2013, 30 April 2014 and 1 May 2014	0.01	10,000,000,000	100,000
Share consolidation of every four shares of HK\$0.01 each into one consolidated share of HK\$0.04 each ( <i>Note 1</i> )		(7,500,000,000)	—
At 31 October 2014	0.04	<u>2,500,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>			
At 1 May 2013	0.01	1,119,762,693	11,198
Exercise of share options	0.01	40,600,000	406
Placing of shares	0.01	223,950,000	2,239
At 30 April 2014 and 1 May 2014	0.01	1,384,312,693	13,843
Exercise of warrants	0.01	200,000,000	2,000
Exercise of share options	0.01	13,840,000	138
At 20 August 2014	0.01	1,598,152,693	15,981
Share consolidation of every four shares of HK\$0.01 each into one consolidated share of HK\$0.04 each ( <i>Note 1</i> )		(1,198,614,520)	—
At 21 August 2014	0.04	399,538,173	15,981
Subscription of shares ( <i>Note 2</i> )	0.04	79,900,000	3,196
At 31 October 2014	0.04	<u>479,438,173</u>	<u>19,177</u>

#### Notes:

- On 17 July 2014, the Company proposed a consolidation of every four (4) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into one (1) ordinary share of HK\$0.04 each, subject to the passing of an ordinary resolution by the shareholders of the Company to approve the proposal at an extraordinary general meeting and the Listing Division of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the consolidated shares of HK\$0.04 each upon such share consolidation becoming effective. The ordinary resolution was passed at an extraordinary general meeting held on 20 August 2014 and such consolidation of shares has become effective on 21 August 2014.
- On 31 October 2014, the Company issued 79,900,000 new ordinary shares, representing approximately 16.67% of the issued share capital of the Company as enlarged by the share subscription, to a subscriber. The new shares were issued under the general mandate granted at the annual general meeting held by the Company on 28 August 2014. Further details of the share subscription are disclosed in the financial review under particulars of fund raising activities.

#### 14. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	At 31 October 2014 (Unaudited) HK\$'000	At 30 April 2014 (Audited) HK\$'000	At 31 October 2014 (Unaudited) HK\$'000	At 30 April 2014 (Audited) HK\$'000
Within one year	710	648	659	577
In the second to fifth year inclusive	209	445	218	444
	<u>919</u>	<u>1,093</u>		
Less: future finance charges	(42)	(72)		
Present value of lease obligations	<u>877</u>	<u>1,021</u>	877	1,021
Less: Amount due within one year shown under current liabilities			(659)	(577)
Amount due after one year			<u>218</u>	<u>444</u>

#### 15. Convertible bonds

	At 31 October 2014 (Unaudited) HK\$'000	At 30 April 2014 (Audited) HK\$'000
Nominal value of convertible bonds issued	30,000	–
Equity component	(5,622)	–
Direct transaction costs attributable to the liability component	(1,221)	–
Liability component at the issuance date	23,157	–
Interest expense	1,573	–
Coupon interest accrued	(534)	–
	<u>24,196</u>	<u>–</u>

The Company issued HK\$30,000,000 convertible bonds bearing a coupon of 10% to an independent third party. The convertible bonds will mature on 27 August 2015. The bonds can be converted into the Company's shares at a fixed conversion price of HK\$0.4 initially. The conversion price is subject to anti-dilution adjustments. The convertible bonds will be redeemed at 100% of par at maturity.

The convertible bonds contain two components, i.e., liability and equity components. The equity component less attributable direct transaction costs is presented in the condensed consolidated statement of changes in equity under "equity component of convertible bonds". The effective interest rate of the liability component is 37.35% per annum.



## 16. 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 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
Within one year	1,646	510
In the second to fifth year inclusive	<u>645</u>	<u>250</u>
	<u><b>2,291</b></u>	<u><b>760</b></u>

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 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
Within one year	982	1,080
In the second to fifth year inclusive	<u>41</u>	<u>555</u>
	<u><b>1,023</b></u>	<u><b>1,635</b></u>

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

## 17. Related party transactions

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

	For the six months ended 31 October	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Transactions with a joint venture		
Interest income	—	4

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:

	For the six months ended 31 October	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term benefits	2,754	3,288
Post-employment benefits	53	45
	<u>2,807</u>	<u>3,333</u>

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.

## 18. Event after the end of the reporting period

On 19 November 2014, a wholly-owned subsidiary of the Company entered into a subscription agreement to subscribe for shares of a target company representing 20% of the issued shares of the target company at a consideration of HK\$16,000,000. The target company together with its subsidiaries is principally engaged in real estate agency business in particular for the sales of properties in Australia, Malaysia and the United Kingdom.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and outlook

For the six months ended 31 October 2014, the turnover of the Group amounted to approximately HK\$62,945,000, representing an increase of approximately 6% as compared with a turnover of the Group of approximately HK\$59,344,000 in the corresponding period in 2013. Net profit attributable to equity holders of the Company for the six months ended 31 October 2014 was approximately HK\$2,276,000, representing an increase of approximately 113% as compared with that of the corresponding period in 2013.

During the period under review, the business operations of the scaffolding division benefited from increased construction activities in Hong Kong. During the six months ended 31 October 2014, the scaffolding division was awarded five new works contracts for the provision of scaffolding services despite competition continued to remain intense.

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 was completed during the period under review. In addition, the Group also established a new subsidiary for providing interior design services to residential properties in Hong Kong. The new subsidiary is expected to contribute additional revenue and further improve the operating results of the fitting out division in the ensuing reporting periods.

In regard to the access equipment division, the contract for the supply and installation of a building maintenance unit to the Hong Kong University Station of the Mass Transit Railway Corporation (MTRC) proceeded according to plan during the period under review. The installation together with testing and commissioning process is expected to be completed in the month of December 2014 for the opening of the West Island Line of the MTRC. In addition, the Group's fleet of temporary gondolas attained a close to full rate of utilization. The management of the Group predicted the continued boom in the rental market for temporary gondolas would further boost the operating results of the access equipment division.

In respect of the management contracting business division, the contract for the supply of glass reinforced concrete (GRC) panels and smoke barriers for the MTRC Express Rail Link in Shek Kong proceeded according to plan during the period under review.

To further enhance the net assets and investment potential of the Group, the Group acquired an investment property through the acquisition of a subsidiary during the six months ended 31 October 2014. The investment property is currently leased out for rental income purpose of the Group. Details of the acquisition of the subsidiary are disclosed under “**Significant investments, material acquisitions and disposals**” of this report.

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

## Financial Review

For the 3 months and 6 months ended 31 October 2014, revenue increased by approximately 11% and 6% 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.

Operating and administrative expenses, and finance costs increased during the period under review. These were mainly due to the granting of share options amounting to approximately HK\$1,723,000 (six months ended 31 October 2013: Nil), legal and professional fees amounting to approximately HK\$1,271,000 (six months ended 31 October 2013: HK\$459,000) and interest on convertible bonds amounting to approximately HK\$1,573,000 (six months ended 31 October 2013: Nil) arising from acquisition of a subsidiary and other fund raising activities occurred during the period. Nevertheless, the Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

Particulars of fund raising activities during the period are as follows:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Intended use of net proceeds</b>	<b>Actual use of the net proceeds as at the date of this announcement</b>
27 June 2014, 28 July 2014, 20 August 2014 and 28 August 2014	Placing of convertible bonds in the aggregate principal amount of HK\$30,000,000 pursuant to the specific mandate granted to the Directors by the Shareholders at the extraordinary general meeting of the Company held on 20 August 2014	The aggregate net proceeds of approximately HK\$28.61 million was intended to be used as to (i) approximately HK\$17.36 million for the acquisition of 51% interest in Dragon Oriental Investment Limited; and (ii) approximately HK\$11.25 million as general working capital of the Group, out of which (a) approximately HK\$3.00 million would be allocated for repayment of bank overdraft of the Group; and (b) approximately HK\$8.25 million would be allocated for payment of operational outgoings (such as payroll costs, other administrative expenses and professional fees).	(i) Approximately HK\$17.36 million had been used as intended; (ii) approximately HK\$4.02 million had been applied for repayment of bank loans and bank overdraft of the Group; and (iii) approximately HK\$7.23 million had been applied as general working capital of the Group.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Intended use of net proceeds</b>	<b>Actual use of the net proceeds as at the date of this announcement</b>
21 October 2014 and 31 October 2014	Issue of 79,900,000 new shares under general mandate	The proceeds of approximately HK\$14.12 million was intended to be used to finance the subscription of 20% shares in the target company disclosed per note 18 “Event after the end of the reporting period”.	The proceeds had been used as intended

### **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 2014, the Group’s consolidated shareholders’ funds and net current assets were approximately HK\$139,058,000 (as at 30 April 2014: approximately HK\$99,623,000) and HK\$27,601,000 (as at 30 April 2014: approximately HK\$15,628,000) respectively. As at 31 October 2014, the Group’s consolidated bank borrowings amounted to approximately HK\$47,725,000 (as at 30 April 2014: approximately HK\$52,977,000).

As at 31 October 2014, the Group’s bank and cash balances amounted to approximately HK\$31,790,000 (as at 30 April 2014: approximately HK\$7,405,000).

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.

During the six months ended 31 October 2014, the Group completed a share consolidation of every four (4) issued and unissued ordinary shares of HK\$0.01 each into one (1) ordinary share of HK\$0.04 each. Details of the share consolidation are disclosed in note 13 “Share capital” of this report.

As at 31 October 2014, the Group’s gearing ratio (basis: bank loans, bank overdrafts and obligations under finance leases divided by shareholders’ funds) was approximately 35% (as at 30 April 2014: approximately 54%).

The Board is of the opinion that the Group is in a relatively 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**

A 51% owned subsidiary was acquired by the Group at a cost of HK\$21,700,000 on 30 September 2014. The principal activity of the subsidiary is property investment and the subsidiary owns an investment property with a carrying value of HK\$43,300,000 as at the end of period under review.

Save as disclosed above, 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 2014 (Unaudited) HK\$'000</b>	At 30 April 2014 (Audited) HK\$'000
Investment properties	<b>37,690</b>	36,370
Leasehold land and buildings	<b>7,473</b>	7,588
Trade receivables	<b>15,052</b>	20,612
Retention receivables	<b>2,835</b>	2,178
Pledged deposit	–	680

## **Foreign exchange and interest rate 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. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including swaps and forwards will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations.

## **Contingent liabilities**

At 31 October 2014, the Group did not provide any counter indemnities to banks for surety bonds issued by the banks in respect of construction contracts (at 30 April 2014: HK\$647,000) .

At 31 October 2014, the Company had contingent liabilities amounting to HK\$94,078,000 (at 30 April 2014: HK\$102,467,000) in respect of financial support provided to certain of its subsidiaries.

At 31 October 2014, several litigations were in progress. In the opinion of the directors, they do not give rise to any material effect or impact on the consolidated financial statements.

## **Capital and other commitments**

Save as disclosed in note 16 "Commitments", the Group did not have any capital or other commitments as at 31 October 2014 (30 April 2014: Nil).

## **Employees and remuneration policies**

The total number of full-time employees in the Group was 110 at 31 October 2014 (as at 30 April 2014: 125). 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.

## **Change of domicile**

On 28 August 2014, the change of domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda ("Change of Domicile") and to adopt memorandum of continuance and Bye-laws in connection with the Change of Domicile was approved by the shareholders of the Company at the extraordinary

general meeting of the Company. The Change of Domicile and the adoption of the memorandum of continuance and Bye-laws of the Company became effective on 30 September 2014 (Bermuda time). The memorandum and articles of association of the Company ceased to be effective upon the Change of Domicile became effective on 30 September 2014 (Bermuda time). The details of the adoption of Company's memorandum of continuance and Bye-laws were disclosed in the Company's circular dated 5 August 2014 and Company's announcement dated 22 July 2014. An updated version of the Company's memorandum of continuance and Bye-laws is available on both the websites of the Stock Exchange and the Company.

### **Interim dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2014 (six months ended 31 October 2013: Nil).

### **Share option scheme**

The share option scheme adopted by the Company on 25 November 2001 was terminated by a written resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 30 August 2011. Upon termination of this share option scheme, no further share options under this scheme could be granted, but the provisions of this share option scheme will remain in full force and effect to the extent necessary to give effect to the exercise of those share options granted prior to its termination.

Under the terms of the Share Option Scheme adopted by the Company on 30 August 2011 (the "Option Scheme"), for the primary purpose of providing incentive to directors, eligible employees and consultants, the board of directors of the Company (the "Board") may, at its absolute discretion, offer full-time employees of the Company or any of its subsidiaries, including executive, non-executive and independent non-executive directors of the Company or any of its subsidiaries or any consultants or advisors of any member of the Group, to take up options to subscribe for shares of the Company. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not, subject to the conditions set out in the Option Scheme, exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% of the total issued share capital of the Company in issue, unless (a) a shareholder circular is despatched to the shareholders; and (b) the shareholders approve the grant of the options in excess of the limit referred to herein. A nominal consideration of HK\$1 is payable on acceptance of each grant.



The subscription price was determined by the Board, but may not be less than the highest of (a) the closing price of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheet on the date of offer of the options or, where certain conditions set out in the Option Scheme apply, on the date of the Board proposing such grant; (b) the average of the closing prices of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer of the options or, where certain conditions set out in the Option Scheme apply, the average of the closing prices of the Company's shares on the GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the Board proposing such grant; and (c) the nominal value of the shares.

An option may be exercised in whole or in part in accordance with the terms of the Option Scheme at any time during a period to be notified by the Board to each grantee that the period within which the option may be exercised shall not be more than 10 years from the date on which the offer of the grant of the options is made in accordance with the terms of the Option Scheme. There is no general requirement on the minimum period for which an option must be held before an option can be exercised under the terms of the Option Scheme.

During the six months ended 31 October 2014, a total of 83,820,000 share options having an aggregate fair value of approximately HK\$1,723,000 were granted to the directors and their associates, senior management and two consultants.

#### **Pre-Emptive rights**

There is no provision for pre-emptive rights under the Company's by law or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

#### **Management contract**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the six months period ended 31 October 2014.

#### **Directors' interests in contracts of significance**

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the six months period or at any time during the six months period ended 31 October 2014.

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

As at 31 October 2014, 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	2,075,000	2,075,000	0.87%
Ms. Lai Yuen Mei, Rebecca	2,075,000	2,075,000	0.87%
Mr. Kong Kam Wang	2,761,250	–	0.58%
Mr. So Wang Chun, Edmond	500,000	–	0.10%
Ng Tang	3,460,000	–	0.72%
Lam Kwok Wing	500,000	–	0.10%
Yeung Po Chin (Resigned on 1 December 2014)	500,000	–	0.10%

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)	Original exercise price HK\$	Outstanding at 1.5.2014	Granted during the period	Exercised during the period	Share consolidation	Revised exercise price HK\$	Outstanding at 31.10.2014
Dr. So Yu Shing	14 May 2014	28 May 2014 to 27 May 2016	0.078	-	5,540,000	-	(4,155,000)	0.312	1,385,000
Ms. Lai Yuen Mei, Rebecca	14 May 2014	28 May 2014 to 27 May 2016	0.078	-	5,540,000	-	(4,155,000)	0.312	1,385,000
Mr. Kong Kam Wang	2 May 2008	9 November 2008 to 8 November 2014	0.217	2,900,000	-	-	(2,175,000)	0.868	725,000
	20 May 2014	4 June 2014 to 3 June 2016	0.081	-	3,000,000	-	(2,250,000)	0.324	750,000
Mr. So Wang Chun, Edmond	8 November 2010	8 December 2010 to 7 December 2016	0.128	9,000,000	-	-	(6,750,000)	0.512	2,250,000
	14 May 2014	28 May 2014 to 27 May 2016	0.078	-	2,840,000	-	(2,130,000)	0.312	710,000
Mr. Ng Tang	14 May 2014	28 May 2014 to 27 May 2016	0.078	-	13,840,000	(13,840,000)	-	0.312	-
Mr. Yuen Chun Fai	14 May 2014	28 May 2014 to 27 May 2016	0.078	-	13,840,000	-	(10,380,000)	0.312	3,460,000
Dr. Fung Ka Shuen	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	-	-	(1,500,000)	0.244	500,000
				13,900,000	44,600,000	(13,840,000)	(33,495,000)		11,165,000
				13,900,000	44,600,000	(13,840,000)	(33,495,000)		11,165,000

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

Save as disclosed above, as at 31 October 2014, 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 2014, 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. Tam Siu Ki	25,000,000
Eagle Gain Investments Limited ("EGIL") ( <i>Note</i> )	79,900,000

*Note:* EGIL is wholly-owned by China Investment and Finance Group Limited, which is deemed to be interested in all the ordinary shares of the Company held by EGIL pursuant to Part XV of the Securities and Futures Ordinance

Save as disclosed above, as at 31 October 2014, 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 2014, 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 2014 annual report of the Company.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board has adopted a board diversity policy with effect from 1 September 2013. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

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

During the six months ended 31 October 2014, 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. As at 12 December 2014, the audit committee comprises three members, namely Mr. Lam Kwok Wing, Mr. Law Man Sang 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 2014 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. So Wang Chun, Edmond (Executive Director), Mr. Ng Tang (Executive Director), Mr. Yuen Chun Fai (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Mr. Lam Kwok Wing (Independent Non-executive Director) and Dr. Fung Ka Shuen (Independent Non-executive Director).

On behalf of the Board  
**So Yu Shing**  
*Chairman*

Hong Kong, 12 December 2014