



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8021)

Third Quarterly Report 2015/2016

* *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 consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and the nine months ended 31 January 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 January 2016

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover	3	42,259	37,509	112,164	100,454
Cost of sales		(38,921)	(36,304)	(100,617)	(84,970)
Gross profit		3,338	1,205	11,547	15,484
Other income	4	1,078	622	3,605	1,659
Other (loss) and gain, net	5	(5,699)	-	(5,699)	-
(Decrease)/increase in fair value of investment properties		(1,200)	-	(1,200)	1,320
Gain on disposal of property, plant and equipment		-	420	-	430
Operating and administrative expenses		(8,839)	(5,543)	(22,798)	(16,546)
Finance costs	6	(471)	(2,733)	(1,644)	(5,361)
Share of results of associates		448	855	761	855
Loss before taxation		(11,345)	(5,174)	(15,428)	(2,159)
Taxation	7	485	994	(238)	252
Loss for the period		(10,860)	(4,180)	(15,666)	(1,907)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the period		(10,860)	(4,180)	(15,666)	(1,907)
(Loss)/profit and total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(6,930)	(5,414)	(16,156)	(3,138)
Non-controlling interests		(3,930)	1,234	490	1,231
		(10,860)	(4,180)	(15,666)	(1,907)
Dividend	8	-	-	-	-
		(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Loss per share					
- basic	9	(HK0.073 cent)	(HK0.706 cent)	(HK0.246 cent)	(HK0.471 cent)
- diluted	9	(HK0.073 cent)	(HK0.706 cent)	(HK0.246 cent)	(HK0.471 cent)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 31 January 2016

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	Warrant reserve	Equity component of		Total	Non-controlling interests	Total
							convertible bonds	Accumulated losses			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
				(Note 1)	(Note 2)						
At 1 May 2014 (Audited)	13,843	143,393	-	2,222	1,644	200	-	(61,679)	99,623	(6,454)	93,169
Total comprehensive loss for the period	-	-	-	-	-	-	-	(3,138)	(3,138)	1,231	(1,907)
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 contribution surplus	-	(157,334)	157,334	-	-	-	-	-	-	-	-
At 31 January 2015 (Unaudited)	<u>19,177</u>	<u>10,821</u>	<u>157,334</u>	<u>2,222</u>	<u>3,367</u>	<u>200</u>	<u>5,340</u>	<u>(64,817)</u>	<u>133,644</u>	<u>15,940</u>	<u>149,584</u>
At 1 May 2015 (Audited)	127,177	62,681	157,334	2,222	2,364	-	-	(69,868)	281,910	16,316	298,226
Total comprehensive loss for the period	-	-	-	-	-	-	-	(16,156)	(16,156)	490	(15,666)
Capital reduction (Note 3)	(120,818)	-	120,818	-	-	-	-	-	-	-	-
Expenses on capital reorganisation	-	-	(210)	-	-	-	-	-	(210)	-	(210)
Amounts transferred to set off against accumulated losses (Note 4)	-	-	(42,318)	-	-	-	-	42,318	-	-	-
Issue of bonus shares (Note 5)	44,512	-	(44,512)	-	-	-	-	-	-	-	-
Expenses on issue of bonus shares	-	-	(26)	-	-	-	-	-	(26)	-	(26)
Placing of shares	76,800	451,200	-	-	-	-	-	-	528,000	-	528,000
Expenses on placing shares	-	(6,451)	-	-	-	-	-	-	(6,451)	-	(6,451)
At 31 January 2016 (Unaudited)	<u>127,671</u>	<u>507,430</u>	<u>191,086</u>	<u>2,222</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>(43,706)</u>	<u>787,067</u>	<u>16,806</u>	<u>803,873</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the nine months ended 31 January 2016

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.
3. On 15 May 2015, the Board proposed to implement the capital reorganisation ("Capital Reorganisation") which involved the following:
 - (a) the issued share capital of the Company would be reduced through a cancellation of the paid up capital to the extent of HK\$0.19 on each of the issued shares such that the nominal value of each issued share would be reduced from HK\$0.20 to HK\$0.01 ("Capital Reduction");
 - (b) immediately following the Capital Reduction, each of the authorised but unissued share of HK\$0.20 each be subdivided into twenty (20) new shares of HK\$0.01 each ("New Shares"); and
 - (c) the credits arising in the books of the Company from the Capital Reduction of approximately HK\$120,818,000 would be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda (as amended).

The shareholders of the Company approved the Capital Reorganisation at the special general meeting of the Company held on 18 June 2015. Immediately following the Capital Reorganisation which become effective on 19 June 2015, the authorised share capital of the Company was HK\$400,000,000 divided into 40,000,000,000 New Shares of HK\$0.01 each, of which 635,887,634 New Shares were in issue.

4. Immediately following the Capital Reorganisation becoming effective on 19 June 2015, the credit balance in the contributed surplus account of the Company had been transferred to set off against the accumulated loss of approximately HK\$42,318,000 of the Company as at that date.
5. On 15 May 2015, the Board also proposed, subject to the Capital Reorganisation becoming effective, a bonus issue ("Bonus Issue") of New Shares on the basis of seven (7) bonus shares for every one (1) New Share held by the shareholders of the Company whose names appear on the register of members of the Company on 26 June 2015, being the record date for the purpose of determination of entitlement to the Bonus Issue. The shareholders of the Company approved the Bonus Issue at the special general meeting of the Company held on 18 June 2015. The Bonus Issue was completed on 3 July 2015, immediately after which the number of New Shares in issue increased to 5,087,101,072.

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 (i) the provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work, (ii) money lending business and (iii) trading of securities in Hong Kong.

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

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 January 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2015.

In the current nine months period, the Group has applied, for the first time, the following new amendments to Hong Kong Accounting Standards (“HKAS(s)”) and Hong Kong Financial Reporting Standards (“HKFRS(s)”) issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above new amendments to HKAS and HKFRSs in current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the new and revised HKASs and HKFRSs that have been issued but are not yet effective.

3. Turnover

	For the three months ended 31 January		For the nine months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Contract revenue in respect of construction and building work for the provision of				
– scaffolding services	26,125	27,772	65,078	81,549
– fitting out services	12,865	7,873	39,977	7,913
Management contracting services	–	143	–	2,893
Gondolas, parapet railings and access equipment, installation and maintenance services	517	1,721	2,833	8,099
Loan Interest Income	2,752	–	4,276	–
	<u>42,259</u>	<u>37,509</u>	<u>112,164</u>	<u>100,454</u>

4. Other income

	For the three months ended 31 January		For the nine months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest income	5	–	10	–
Sundry income	46	124	368	219
Rental income	504	498	1,512	1,440
Reversal of allowance for bad and doubtful debts	523	–	1,715	–
	<u>1,078</u>	<u>622</u>	<u>3,605</u>	<u>1,659</u>

5. Other (loss) and gain, net

	For the three months ended 31 January		For the nine months ended 31 January	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Fair value gain on equity investment at fair value through profit or loss	5,980	–	5,980	–
Impairment of available-for-sale investments	(11,679)	–	(11,679)	–
	<u>(5,699)</u>	<u>–</u>	<u>(5,699)</u>	<u>–</u>

6. Finance Costs

	For the three months ended 31 January		For the nine months ended 31 January	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Interest on bank loans				
– wholly repayable within five years	318	382	1,137	1,185
– wholly repayable beyond five years	151	169	467	517
Interest on other loans	–	27	27	317
Interest on obligations under finance leases	2	16	13	52
Interest on convertible bonds	–	2,351	–	3,924
	471	2,945	1,644	5,995
Less: Amount capitalised in construction contracts	–	(212)	–	(634)
	<u>471</u>	<u>2,733</u>	<u>1,644</u>	<u>5,361</u>

7. Taxation

Taxation comprises:

	For the three months ended 31 January		For the nine months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Hong Kong Profits Tax				
– current period	–	–	238	–
– (over) provision in prior periods	(485)	(994)	–	(252)
	<u>(485)</u>	<u>(994)</u>	<u>238</u>	<u>(252)</u>
Deferred tax – current period	–	–	–	–
	<u>(485)</u>	<u>(994)</u>	<u>238</u>	<u>(252)</u>

Hong Kong Profits Tax was provided at the rate of 16.5% (nine months ended 31 January 2016 and 31 January 2015) on the estimated assessable profit arising in or derived from Hong Kong.

8. Dividend

The Board does not recommend the payment of any dividend for the nine months ended 31 January 2016 (nine months ended 31 January 2015: Nil).

9. Loss per share

The calculation of the basic loss per share is based on the unaudited net loss attributable to equity holders of the Group for the three months and nine months ended 31 January 2016 amounting to approximately HK\$6,930,000 and approximately HK\$16,156,000 respectively (three months and nine months ended 31 January 2015: HK\$5,414,000 and approximately HK\$3,138,000 respectively). The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share are as follows:

	For the three months ended 31 January			For the nine months ended 31 January		
	2016 (Unaudited)	2015 (Unaudited, as restated)	2015 (Unaudited, as previously stated)	2016 (Unaudited)	2015 (Unaudited, as restated)	2015 (Unaudited, as previously stated)
Weighted average number of ordinary shares for the purpose of calculating loss per share – basic and diluted	9,511,448,898	767,101,077	479,438,173	6,561,883,681	666,700,845	416,688,028
	HK Cent	HK Cent (Restated)	HK Cent (Previously stated)	HK Cent	HK Cent (Restated)	HK Cent (Previously stated)
Loss per share						
– Basic	(0.073)	(0.706)	(1.129)	(0.246)	(0.471)	(0.753)
– Diluted	(0.073)	(0.706)	(1.129)	(0.246)	(0.471)	(0.753)

The weighted average numbers of ordinary shares for the three months and nine months ended 31 January 2015 for the purpose of basic and diluted earnings per share have been adjusted and restated retrospectively resulting from the share consolidations completed on 6 March 2015 and the issue of bonus shares completed on 3 July 2015.

No adjustment has been made to the loss per share amount presented for the three months and nine months ended 31 January 2016 as the impact on the share options has an anti-dilutive effect on the loss per share amount presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the nine months ended 31 January 2016 (herein referred to as the ‘reporting period’), the turnover of the Group increased by approximately 12% to approximately HK\$112,164,000 from HK\$100,454,000 during the corresponding period in 2015. Net loss attributable to equity holders of the Company for the reporting period increased to approximately HK\$16,156,000 from HK\$3,138,000 against the correspondence period in 2015. During the reporting period, the contract revenue generated from scaffolding business decreased by approximately 20% and certain available-for-sale-investments had incurred impairment loss of approximately HK\$12 million, which contributed to a significant increase in net loss for the nine months ended 31 January 2016.

The business operations of the scaffolding division still experienced severe competition which resulted in a decrease in contract revenue during the period under review. The scaffolding division won new works contracts overall despite the current competitive environment. During the period under review, 10 scaffolding works contracts were completed and 26 were proceeding according to plan, coupled with 2 new contracts were concluded in the third quarter of our financial year 2015/2016, namely construction sites in 2 Serenity Path in Sai Kung and Event Centre in Ma Wan Park respectively. The Group will continue to make use of the ‘Pik-Lik’ scaffolding system and its patented scaffolding system to mitigate the need for skilled labour, thus resulting in greater cost reductions by enhancing output efficiency.

The Group’s fitting out division’s operating results remained satisfactory with revenues amounting to approximately HK\$39,977,000 along with 31 new contracts secured during the reporting period. Sense Key Design Holdings Limited (“Sense Key”), the Group’s 51% owned subsidiary, continued to generate substantial revenues along with its high levels of profit margin. During the reporting period, the Group extended its scope of services to ceiling works and has so far received encouraging response from clients.

During the period, revenues from the temporary gondola fleet were mainly generated by rental income. The Group recorded stable results with revenues reaching approximately HK\$2,833,000, a decrease of approximately 65% compared to the same period last year.

The Group’s management contracting division completed the contract for the supply of glass reinforced concrete panels and barriers along the MTRC Express Rail Link in Shek Kong.

As for our money lending operations, the Group recorded a turnover of approximately HK\$4,276,000 albeit still at the initial stage of development. Money lending has recently emerged as one of the key revenue drivers of the Group.

During the period, the Group had started investments in listed securities in Hong Kong. The investment committees of the Group will continue to exercise due diligence and identify appropriate securities investment opportunities in order to maximise shareholders’ returns.

Business Outlook

Looking ahead, the Group expects that the HKSAR government will likely begin construction on a considerable amount of residential housing projects and this will result in positive prospects for the scaffolding industry, while the sector-wide labour shortage problem remains. However, given this issue, demand for the “Pik-Lik” scaffolding system is expected to further rise due to its advantages of greater construction efficiency and ability to lower labour costs.

Taking full advantage of the upward momentum in the construction industry, the Group also expects its fitting out service division, with its relatively higher profit margins, to emerge as another key growth driver of the Group. Prudent strategies will continue to be adopted by the Group in order to identify more profitable and high quality projects requiring both scaffolding and fitting out services.

Because of the recent implementation of certain restrictive measures by the Hong Kong Monetary Authority related to lending by banks, the Group believes that this will stimulate further growth for licensed money lending operations in the territory which will be a key potential future source of revenue for the Group. With this mind, we will further develop this business segment and strive for reasonable interest returns for each loan. Currently, the Group has targeted an aggregate amount of lending at approximately HK\$400 million in tranches of HK\$10 million to HK\$40 million for each loan.

Finally, in order to maximise returns for our shareholders, the Group considers it important to strictly implement tight cost controls for all operating units. Meanwhile, the Group will actively consider potential acquisition opportunities on occasion and continue to pursue sustainable and satisfactory financial performance overall.

Financial Review

For the three months and nine months ended 31 January 2016, the Group's revenue amounted to approximately HK\$42,259,000 and HK\$112,164,000 respectively. These represent an increase of approximately 13% and approximately 12% respectively as compared with the corresponding periods in the preceding financial year. Projects in the fitting out division and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the period under review, gross profit of the Group decreased from approximately HK\$15,484,000 to approximately HK\$11,547,000 as compared with the nine months ended 31 January 2015. This resulted mainly from the significant decrease in profit margin for contracts awarded to the scaffolding division.

Due to ongoing business expansion and diversification, operating and administrative expenses increased from approximately HK\$16,546,000 to approximately HK\$22,798,000. Finance costs decreased from approximately HK\$5,361,000 to approximately HK\$1,644,000. These were mainly due to (i) legal and professional fees amounting to approximately HK\$2,288,000 (nine months ended 31 January 2015: HK\$1,642,000), (ii) administrative expenses incurred by Sense Key amounting to approximately HK\$3,736,000 (nine months ended 31 January 2015: 1,150,000). 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.

Capital Structure

As at 31 January 2016, the Group had shareholders' equity of approximately HK\$787,067,000 (30 April 2015: approximately HK\$281,910,000).

Capital Reorganisation

Pursuant to the special resolution passed in special general meeting of the Company held on 18 June 2015 and took effect on 19 June 2015, the authorised share capital of the Company was HK\$400,000,000 divided into 40,000,000,000 new shares of HK\$0.01 each. Further details are set out into “note 3 to the condensed consolidated statement of changes in equity”.

Bonus Issue

Pursuant to the special resolution passed in special general meeting of the Company held on 18 June 2015, a bonus issue of new shares on the basis of seven (7) bonus shares for every one (1) new Share held by the shareholders of the Company was completed on 3 July 2015. Further details are set out into “note 3 to the condensed consolidated statement of changes in equity”.

FINANCING

Fund raising activities of the Company in the 12 month immediately preceding the reporting date

Date of announcement	Fund raising activities	Intended use of net proceeds as at the date of this announcement	Actual use of the net proceeds as at the date of this announcement
12 August 2015, 13 August 2015, 18 August 2015 and 10 December 2015	Placing of 7,620,000,000 new shares pursuant to the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 18 November 2015	The aggregate net proceeds of approximately HK\$520.38 million was intended to be used as follows: (i) approximately HK\$300.00 million for the development and expansion of the Group’s money lending business; (ii) approximately HK\$180.00 million for the investment of the Group in the businesses of, including but not limited to, financial and securities markets, construction and ancillary services sectors; and (iii) the remaining balance of approximately HK\$40.38 million for general working capital of the Group.	The aggregate net proceeds of HK\$363.48 million have been used as follows: (i) approximately HK\$300.00 million has been utilised for financing the money lending business; (ii) approximately HK\$47.00 million has been utilised for the investment of the Group; and (iii) approximately HK\$16.48 million has been applied as general working capital of the Group. The remaining balance of approximately HK\$156.90 million has not been utilised and remains in the bank for intended use.

Date of announcement	Fund raising activities	Intended use of net proceeds as at the date of this announcement	Actual use of the net proceeds as at the date of this announcement
21 January 2015 and 27 March 2015	Placing of 540,000,000 new shares pursuant to the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 5 March 2015	<p>The aggregate net proceeds of approximately HK\$159.76 million was intended to be used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$30.00 million for repayment of bank loans and other loans; (ii) approximately HK\$33.00 million for repayment of the convertible bonds and the payment of interest accrued thereon; (iii) approximately HK\$30.00 million for financing the development of the money lending business; (iv) approximately HK\$25.00 million for purchase of factory unit for warehouse storage purpose; (v) approximately HK\$17.00 million for expansion of design and fitting out services of the Group; and (vi) the remaining balance of approximately HK\$24.76 million for general working capital of the Group. 	<p>The aggregate net proceeds of HK\$123.65 million have been used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$20.47 million has been utilised for repayment of bank loans and other loans; (ii) approximately HK\$31.78 million has been utilised for repayment of the convertible bonds and the payment of interest accrued thereon, and remaining balance of approximately HK\$1.22 million has been reallocated as general working capital of the Group; (iii) approximately HK\$30.00 million has been utilised for financing the money lending business; (iv) approximately HK\$15.42 million has been utilised for expansion of design and fitting out services of the Group; and (v) approximately HK\$25.98 million has been applied as general working capital of the Group. <p>The remaining balance of approximately HK\$36.11 million has not been utilised and remains in the bank for intended use.</p>

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.

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 nine months ended 31 January 2016.

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 nine months period or at any time during the nine months ended 31 January 2016.

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

As at 31 January 2016, 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	3,320,000	3,320,000	0.03%
Ms. Lai Yuen Mei, Rebecca	3,320,000	3,320,000	0.03%
Mr. Kong Kam Wang	1,778,000	–	0.01%
Mr. So Wang Chun, Edmond	800,000	–	0.01%
Mr. Ng Tang	5,536,000	–	0.04%

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

Mr. So Wang Chun, Edmond is the son of Dr. So Yu Shing and Ms. Lai Yuen Mei, Rebecca.

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 1.5.2015	Granted during the period	Exercised during the period	Lapsed during the period	Adjustment due to issue of bonus shares	Revised exercise price HK\$	Outstanding at 31.1.2016
Dr. So Yu Shing	14 May 2014	28 May 2014 to 27 May 2016	1.56	277,000	-	-	-	1,939,000	0.195	2,216,000
Ms. Lai Yuen Mei, Rebecca	14 May 2014	28 May 2014 to 27 May 2016	1.56	277,000	-	-	-	1,939,000	0.195	2,216,000
Mr. Kong Kam Wang	20 May 2014	4 June 2014 to 3 June 2016	1.62	150,000	-	-	-	1,050,000	0.2025	1,200,000
Mr. So Wang Chun, Edmond	8 November 2010	8 December 2010 to 7 December 2016	2.56	450,000	-	-	-	3,150,000	0.32	3,600,000
	14 May 2014	28 May 2014 to 27 May 2016	1.56	142,000	-	-	-	994,000	0.195	1,136,000
Mr. Yuen Chun Fai	14 May 2014	28 May 2014 to 27 May 2016	1.56	692,000	-	-	-	4,844,000	0.195	5,536,000
				1,988,000	-	-	-	13,916,000		15,904,000
				1,988,000	-	-	-	13,916,000		15,904,000

Save as disclosed above, as at 31 January 2016, 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 January 2016, 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	Capacity/ Nature of Interest	Number of ordinary shares in the Company	Percentage of shareholding as at 31 January 2016 (Approximate)
Avant Capital Management (HK) Limited	Beneficial owner	2,172,000,000	17.01%

Save as disclosed above, as at 31 January 2016, 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 nine months ended 31 January 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the nine months period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 of the GEM Listing Rules except for the deviation as disclosed below:

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Dr. So Yu Shing, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the half year period and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 31 January 2016, 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

During the reporting period, according to the GEM Listing Rules, the following Directors have interests in the following business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group	Description of business	Nature of interests
Ong Chi King	Deson Construction International Holdings Limited ("Deson")	Principally engaged in (i) building construction works; (ii) Electrical and mechanical engineering works; and (iii) fitting out works	Executive director and interests in approximately 0.98% of issued share capital of Deson
	KSL Holdings Limited	Principally engaged in engineering consulting, contracting and project management services	Independent non executive director

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed, 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 established an audit committee of the Board ("Audit Committee") with written terms of reference that clearly establish the Audit Committee's authority and duties. The Audit Committee currently comprises 3 independent non-executive Directors, namely Mr. Law Man Sang, Mr. Chan Ngai Sang, Kenny and Mr. Ong Chi King.

The primary duties of the Audit Committee are to review the Company's annual report and accounts, half-year report and quarterly reports and provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Group's unaudited condensed consolidated third quarterly results for the nine months ended 31 January 2016 have not been audited by the Company's auditor, but 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.

On behalf of the
Board
So Yu Shing
Chairman

Hong Kong, 14 March 2016

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. Chan Ngai Sang, Kenny (Independent Non-executive Director) and Mr. Ong Chi King (Independent Non-executive Director).