



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)

Interim Report 2016/2017

* *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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 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 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2016

	Notes	Three months ended 31 October		Six months ended 31 October	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover	3	47,856	30,125	86,911	69,905
Cost of sales		<u>(34,749)</u>	<u>(32,104)</u>	<u>(58,064)</u>	<u>(61,696)</u>
Gross profit/(loss)		13,107	(1,979)	28,847	8,209
Other income	5	283	1,117	7,607	2,527
Other gain and (loss), net	6	(4,084)	–	(6,836)	–
Operating and administrative expenses		(10,135)	(7,163)	(20,911)	(13,959)
Finance costs	7(a)	(1,267)	(607)	(2,220)	(1,173)
Share of results of associates		<u>–</u>	<u>(72)</u>	<u>176</u>	<u>313</u>
(Loss)/Profit before taxation	7	(2,096)	(8,704)	6,663	(4,083)
Taxation	8	<u>(234)</u>	<u>(23)</u>	<u>(1,739)</u>	<u>(723)</u>
(Loss)/Profit for the period		<u>(2,330)</u>	<u>(8,727)</u>	<u>4,924</u>	<u>(4,806)</u>
(Loss)/Profit for the period attributable to:					
Equity holders of the Company		(3,306)	(11,137)	3,490	(9,224)
Non-controlling interests		<u>976</u>	<u>2,410</u>	<u>1,434</u>	<u>4,418</u>
		<u>(2,330)</u>	<u>(8,727)</u>	<u>4,924</u>	<u>(4,806)</u>
Dividend	9	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Earnings per share					
– basic	10	<u>(HK0.026 cent)</u>	<u>(HK0.219 cent)</u>	<u>HK0.027 cent</u>	<u>(HK0.181 cent)</u>
– diluted	10	<u>(HK0.026 cent)</u>	<u>(HK0.219 cent)</u>	<u>HK0.027 cent</u>	<u>(HK0.181 cent)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months and six months ended 31 October 2016

	Three months ended 31 October		Six months ended 31 October	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
(Loss)/Profit for the period	(2,330)	(8,727)	4,924	(4,806)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Add:				
Exchange difference on translation of financial statement of an associate	–	–	13	–
Fair value gain on available-for-sale investments	28,839	–	34,679	–
Other comprehensive income for the period, net of tax	28,839	–	34,692	–
Total comprehensive income/(loss) for the period	26,509	(8,727)	39,616	(4,806)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the Company	25,533	(11,137)	38,182	(9,224)
Non-controlling interests	976	2,410	1,434	4,418
	26,509	(8,727)	39,616	(4,806)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties		40,220	40,220
Property, plant and equipment	11	33,892	36,019
Deferred tax assets		4,335	4,335
Interests in associates		–	17,502
Interests in jointly controlled entity		1,518	–
Available-for-sale investments		101,040	45,361
		181,005	143,437
Current assets			
Financial assets at fair value through profit or loss		58,432	59,902
Trade receivables	12	66,909	50,232
Retention monies receivables		1,595	2,396
Loan and interest receivables	13	434,271	374,081
Amounts due from customers for contract work		10,283	18,998
Inventories		390	355
Prepayments, deposits and other current assets		1,949	2,853
Current tax recoverable		13	29
Bank balances and cash		226,533	230,005
		800,375	738,851
Current liabilities			
Amounts due to customers for contract work		2,028	2,546
Trade and other payables	14	17,988	16,148
Retention monies payables		948	1,186
Obligations under finance leases – current portion	15	438	180
Current tax payable		3,330	–
Bank loans	16	34,423	34,424
Other loan and borrowings		74,000	20,000
Bank overdrafts	16	9,928	8,361
		143,083	82,845
Net current assets		657,292	656,006
Total assets less current liabilities		838,297	799,443

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Obligations under finance leases			
– non-current portion	15	1,449	653
Deferred tax liabilities		<u>1,045</u>	<u>2,603</u>
		<u>2,494</u>	<u>3,256</u>
Net assets		<u>835,803</u>	<u>796,187</u>
Capital and reserves			
Share capital	17	127,670	127,670
Reserves		<u>711,877</u>	<u>673,695</u>
Equity attributable to equity holders of the Company		839,547	801,365
Non-controlling interests		<u>(3,744)</u>	<u>(5,178)</u>
Total equity		<u>835,803</u>	<u>796,187</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2016

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	Exchange reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000
				(Note 1)	(Note 2)						
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 income/(loss) for the period	-	-	-	-	-	-	-	(9,224)	(9,224)	4,418	(4,806)
Capital reduction	(120,818)	-	120,818	-	-	-	-	-	-	-	-
Expenses on capital reorganisation	-	-	(210)	-	-	-	-	-	(210)	-	(210)
Amounts transferred to set off against accumulated losses	-	-	(42,318)	-	-	-	-	42,318	-	-	-
Issue of bonus shares	44,512	-	(44,512)	-	-	-	-	-	-	-	-
Expenses on issue of bonus shares	-	-	(26)	-	-	-	-	-	(26)	-	(26)
At 31 October 2015 (unaudited)	<u>50,871</u>	<u>62,681</u>	<u>191,086</u>	<u>2,222</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>(36,774)</u>	<u>272,450</u>	<u>20,734</u>	<u>293,184</u>
At 1 May 2016 (Audited)	127,670	507,430	191,087	2,222	2,364	(13)	16,352	(45,747)	801,365	(5,178)	796,187
Profit for the period	-	-	-	-	-	-	-	3,490	3,490	1,434	4,924
Other comprehensive income for the period	-	-	-	-	-	13	34,679	-	34,692	-	34,692
Total comprehensive income for the period	-	-	-	-	-	13	34,679	3,490	38,182	1,434	39,616
Share option lapsed during the period	-	-	-	-	(1,731)	-	-	1,731	-	-	-
At 31 October 2016 (unaudited)	<u>127,670</u>	<u>507,430</u>	<u>191,087</u>	<u>2,222</u>	<u>633</u>	<u>-</u>	<u>51,031</u>	<u>(40,526)</u>	<u>839,547</u>	<u>(3,744)</u>	<u>835,803</u>

Notes:

1. The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal value for the issued share capital of the subsidiaries acquired pursuant to the Group's reorganisation on 23 November 2001.
2. The share option reserve of the Group represents the fair value of share options granted to the directors and employees of the Company at the relevant grant dates.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 31 October 2016*

	Six months ended 31 October	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash used in operating activities	(54,224)	(49,004)
Net cash used in investing activities		
Purchase of property, plant and equipment	(2,979)	(1,515)
Proceeds from disposal of property, plant and equipment	303	–
Net cash inflow from disposal of a subsidiary	20,000	–
Acquisition of available-for-sale investments	(21,000)	(20,000)
Other investing activities	28	5
	(3,648)	(21,510)
Net cash generated from/(used in) financing activities		
New bank loan raised	31,113	–
Repayment of bank loans	(30,060)	(3,571)
Increase in other loan and borrowings	54,000	–
Other financing activities	(2,220)	(1,495)
	52,833	(5,066)
Net decrease in cash and cash equivalents	(5,039)	(75,580)
Cash and cash equivalents at 1 May	221,644	116,947
Cash and cash equivalents at 31 October	216,605	41,367
Analysis of cash and cash equivalents at end of the period		
Bank balances and cash	226,533	55,086
Bank overdrafts	(9,928)	(13,719)
	216,605	41,367

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 of the Company in Hong Kong is located at 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 out services, management contracting services and other services for construction and buildings work, money lending business and securities investment business.

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

2. Basis of preparation of the financial statements

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

The unaudited condensed consolidated financial statements of the Company have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 April 2016 except for the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 16	Leases ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 7	Disclosure Initiative ²
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 15	Classifications to HKFRS 15 Revenue from Contracts and Customers ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle ¹

2. Basis of preparation of the financial statements (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.
- ² Effective for annual period beginning on or after 1st January 2017, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1st January 2018, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after a date to be determined.
- ⁵ Effective for annual periods beginning on or after 1st January 2019, with earlier application permitted.

3. Turnover

	Three months ended 31 October		Six months ended 31 October	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Contract revenue in respect of construction and buildings work for the provision of				
– scaffolding services	22,918	12,588	42,110	38,953
– fitting out services	12,911	14,829	21,495	27,112
Management contracting services	–	–	–	–
Gondolas, parapet railings and access equipment installation and maintenance services	2,776	1,784	4,973	2,316
Loan interest income	9,251	924	18,333	1,524
	<u>47,856</u>	<u>30,125</u>	<u>86,911</u>	<u>69,905</u>

4. Operating information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used for resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole. For the six months ended 31 October 2016, the Group has 6 reportable segments – (i) scaffolding services for construction and buildings work, (ii) fitting out services for construction and buildings work, (iii) management contracting services for construction and buildings work, (iv) gondolas, parapet railings and access equipment installation and maintenance services, (v) money lending business, and (vi) securities investment business. 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 2016 is presented below:

	Scaffolding services for construction and buildings work HK\$'000	Fitting out services for construction and buildings work HK\$'000	Management contracting services for construction and buildings work HK\$'000	Gondolas, parapet railings and access equipment installation and maintenance services HK\$'000	Money lending business HK\$'000	Securities investment business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
For the year ended 31 October 2016								
REVENUE								
External sales	42,110	21,495	-	4,973	18,333	-	-	86,911
Other gain and (loss), net	-	-	-	-	-	(9,448)	-	(9,448)
Other income	-	-	-	16	-	7,033	393	7,442
Total	42,110	21,495	-	4,989	18,333	(2,415)	393	84,905
Segment result	(3,158)	2,217	(20)	1,164	16,471	(2,444)	(8,300)	5,930
Other income								165
Gain on disposal of property, plant and equipment								303
Gain on disposal of an associate through a disposal of a subsidiary								2,309
Finance costs								(2,220)
Share of results of associates								176
Profit before taxation								6,663
Taxation								(1,739)
Profit for the period								4,924

4. Operating segments (Continued)

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used for resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole. For the six months ended 31 October 2015, the Group has 5 reportable segments – (i) scaffolding services for construction and buildings work, (ii) fitting out services for construction and buildings work, (iii) management contracting services for construction and buildings work, (iv) gondolas, parapet railings and access equipment installation and maintenance services, and (v) money lending business. 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 2015 is presented below:

	Scaffolding services for construction and buildings work <i>HK\$'000</i>	Fitting out services for construction and buildings work <i>HK\$'000</i>	Management contracting services for construction and buildings work <i>HK\$'000</i>	Gondolas, parapet railings and access equipment installation and maintenance services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 October 2015							
REVENUE							
External sales	<u>38,953</u>	<u>27,112</u>	<u>–</u>	<u>2,316</u>	<u>1,524</u>	<u>–</u>	<u>69,905</u>
Other income	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>540</u>	<u>540</u>
Total	<u>38,953</u>	<u>27,112</u>	<u>–</u>	<u>2,316</u>	<u>1,524</u>	<u>540</u>	<u>70,445</u>
Segment result	<u>(8,618)</u>	<u>8,294</u>	<u>(31)</u>	<u>(818)</u>	<u>1,418</u>	<u>(5,455)</u>	<u>(5,210)</u>
Other income							1,987
Finance costs							(1,173)
Share of results of associates							<u>313</u>
Loss before taxation							(4,083)
Taxation							<u>(723)</u>
Loss for the period							<u>(4,806)</u>

5. Other Income

	Three months ended 31 October		Six months ended 31 October	
	2016	2015	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest income	14	1	28	6
Rental income	172	504	393	1,008
Dividend income	–	–	7,028	–
Reversal of allowance for bad and doubtful debts	6	601	16	1,193
Sundry Income	91	11	142	320
	<u>283</u>	<u>1,117</u>	<u>7,607</u>	<u>2,527</u>

6. Other gain and (loss), net

	Three months ended 31 October		Six months ended 31 October	
	2016	2015	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Fair value loss on financial assets at fair value through profit or loss	(4,387)	–	(9,448)	–
Gain on disposal of an associate through a disposal of a subsidiary	–	–	2,309	–
Gain on disposal of property, plant and equipment	303	–	303	–
	<u>(4,084)</u>	<u>–</u>	<u>(6,836)</u>	<u>–</u>

7. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after (crediting)/charging the following:

	Three months ended 31 October		Six months ended 31 October	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	(a) Finance costs			
Interest on bank loans	520	589	1,020	1,135
Interest on other loans and borrowings	721	14	1,146	27
Interest on obligations under finance leases	26	4	54	11
	<u>1,267</u>	<u>607</u>	<u>2,220</u>	<u>1,173</u>
(b) Depreciation of property, plant and equipment	2,574	2,297	5,106	4,703
Less: Amount capitalised in construction contracts	<u>(2,266)</u>	<u>(2,043)</u>	<u>(4,481)</u>	<u>(4,138)</u>
	<u><u>308</u></u>	<u><u>254</u></u>	<u><u>625</u></u>	<u><u>565</u></u>

8. Taxation

Taxation comprises:

	Three months ended 31 October		Six months ended 31 October	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Hong Kong profits tax			
– current period	1,793	23	3,298	723
Deferred tax credit				
– current period	<u>(1,559)</u>	<u>–</u>	<u>(1,559)</u>	<u>–</u>
	<u><u>234</u></u>	<u><u>23</u></u>	<u><u>1,739</u></u>	<u><u>723</u></u>

Provision for Hong Kong Profits Tax has been made at the rate of 16.5% on the estimated assessable profit arising in Hong Kong during the period (six months ended 31 October 2015: 16.5%).

No Macau Complementary Tax has been provided as the Group has no assessable profits subject to such tax during the six months period (six months ended 31 October 2015: Nil).

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2016 (six months ended 31 October 2015: Nil).

10. (Loss)/Earnings per share

The calculation of the basic (loss)/earnings per share is based on the unaudited net (loss)/profit attributable to equity holders of the Company for the three months and six months ended 31 October 2016 approximately (HK\$3,306,000) and HK\$3,490,000 respectively (unaudited net loss attributable to equity holders of the Company for the three months and six months ended 31 October 2015: approximately HK\$11,137,000 and HK\$9,224,000 respectively). The weighted average numbers of ordinary shares for the purpose of basic and diluted (loss)/earnings per share are as follows:

	For the three months ended 31 October		For the six months ended 31 October	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating earning per share				
Basic and diluted	<u>12,767,101,072</u>	<u>5,087,101,072</u>	<u>12,767,101,072</u>	<u>5,087,101,072</u>
	HK Cent	HK Cent	HK Cent	HK Cent
(Loss)/Earnings per share				
– Basic	(0.026)	(0.219)	0.027	(0.181)
– Diluted	<u>(0.026)</u>	<u>(0.219)</u>	<u>0.027</u>	<u>(0.181)</u>

During the six months ended 31 October 2016, the computation of diluted (loss)/earnings per share did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for the period.

The Group has no potentially dilutive ordinary shares in issue during the three months and six months ended 31 October 2016.

11. Additions to property, plant and equipment

During the six months ended 31 October 2016, the Group spent approximately HK\$2,979,000 (six months ended 31 October 2015: HK\$1,516,000) on the acquisition of property, plant and equipment.

12. Trade 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 receivables as at the end of the reporting period, based on the invoice date and net of impairment is as follows:

	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Within 90 days	34,609	25,822
91 to 180 days	6,882	1,075
181 to 365 days	4,420	2,128
Above 1 year	20,998	21,207
	<u>66,909</u>	<u>50,232</u>

13. Loan and interest receivables

	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Current	<u>434,271</u>	<u>374,081</u>

The Group seeks to maintain strict control over its outstanding loan and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. Loan and interest receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 3% to 12% (as at 30 April 2016: 8% to 12%) per annum.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. All loan and interest receivables that are neither past due nor impaired have no default payment history.

14. Trade and other payables

Included in trade and other payables are trade payables of HK\$6,321,000 (as at 30 April 2016: HK\$11,664,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Within 90 days	5,597	9,199
91 to 180 days	556	952
181 to 365 days	168	1,513
Above 1 year	–	–
Total Trade Payables	6,321	11,664
Other Payables	8,414	309
Accruals	3,253	4,175
Total trade and other payables	<u>17,988</u>	<u>16,148</u>

15. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Within one year	526	221	438	180
In the second to fifth year inclusive	<u>1,562</u>	<u>714</u>	<u>1,449</u>	<u>653</u>
	2,088	935		
Less: future finance charges	<u>(201)</u>	<u>(102)</u>		
Present value of lease obligations	<u><u>1,887</u></u>	<u><u>833</u></u>	<u><u>1,887</u></u>	<u><u>833</u></u>
Less: Amount due within one year shown under current liabilities			<u>(438)</u>	<u>(180)</u>
Amount due after one year			<u><u>1,449</u></u>	<u><u>653</u></u>

16. Bank loans and overdrafts

Bank loans and overdrafts are secured by the Group's properties and corporate guarantee and are repayable on demand.

The directors consider the fair values of the Group's bank loans and overdrafts, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the end of the reporting period, approximate the carrying amounts.

17. Share capital

	Par value HK\$	No. of shares	Amount HK\$'000
Authorised:			
At 1 May 2015	0.20	2,000,000,000	400,000
Capital Reduction		<u>38,000,000,000</u>	<u>—</u>
At 30 April 2016, 1 May 2016 and 31 October 2016	0.01	<u><u>40,000,000,000</u></u>	<u><u>400,000</u></u>
Issued and fully paid:			
At 1 May 2015	0.20	635,887,634	127,177
Capital Reduction		—	<u>(120,819)</u>
Issue of bonus shares	0.01	4,451,213,438	44,512
Placing shares	0.01	<u>7,680,000,000</u>	<u>76,800</u>
At 30 April 2016, 1 May 2016 and 31 October 2016	0.01	<u><u>12,767,101,072</u></u>	<u><u>127,670</u></u>

18. 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:

	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Within one year	401	702

Operating lease payments represent rentals payable for certain of its warehouse quarters. Leases are negotiated for an average term of one year to two years and rentals are fixed during the lease terms.

The Group as lessor

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

	At 31 October 2016 (Unaudited) HK\$'000	At 30 April 2016 (Audited) HK\$'000
Within one year	82	441

19. Related party transactions

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

	Six months ended 31 October 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term benefits	4,111	2,297
Post-employment benefits	107	53
	4,218	2,350

The remuneration of executive directors and key management is determined by the Remuneration Committee or senior management having regard to the performance of individuals and market trends.

20. Events after the end of the reporting period

On 22 July 2016, Favourite Number Limited (the “Offeror”) owned as to 47% by a wholly-owned subsidiary of the Company and 53% by Mr. Hue Kwok Chu Raymond, an independent third party notified the board of L & A International Holdings Limited (“L&A”) (a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8195) that subject to the approval of the shareholders of the Company it intended to make a voluntary conditional offer to acquire all the issued shares of the L&A (the “Offer”).

The Offer was subject to satisfaction of the pre-condition, the Offeror made the Offer on the following basis:

For every 400 L&A shares 57 new shares of the Company and HK\$5.60 in cash

The transactions contemplated under the Offer constituted a major transaction for the Company’s for the purpose of the GEM Listing Rules as at the date of Company’s announcement on 18 August 2016 (“Offer Announcement”).

On 18 August 2016, based on publicly-available information, (i) there were only 24,000,000,000 L&A shares in issue; and (ii) there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the L&A shares.

However, subsequent to the publication of the Offer Announcement on 18 August 2016, L&A announced on 22 August 2016 that 1,800,000,000 L&A options were granted and accepted on 22 July 2016; and as further disclosed in L&A’s next day disclosure return published on 24 August 2016, 1,600,000,000 new L&A shares (the “New L&A Shares”) were allotted and issued under the L&A options on 22 August 2016.

The Offeror did not take into account the L&A options as well as the New L&A Shares at the time of the Offer Announcement because it did not then know anything about the L&A options and the New L&A Shares were not in issue then. Since the 1,600,000,000 New L&A Shares were in existence and, based on publicly-available information, there were 200,000,000 L&A options outstanding on 12 September 2016, The Offeror extended the share offer to all L&A Shareholders (including holders of the New L&A Shares) and made the option offer to all holders of the outstanding L&A options in compliance with General Principle 1 and Rule 13.1 of the Takeovers Code respectively (the “New Offers”).

The New Offers were made by VBG Capital Limited, a financial adviser to the Offeror and the Company, on behalf of the Offeror comprised the share offer and the option offer.

The basis of the new share offer remained unchanged, and was as follows:

For every 400 L&A Shares 57 new shares of the Company and HK\$5.60 in cash

Based on publicly-available information, there were 200,000,000 outstanding L&A options on 12 September 2016. The option offer was made on the following terms:

For cancellation of every 100 outstanding L&A options 8 new shares of the Company and HK\$0.7775 in cash

The transactions contemplated under the New Offers constituted a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and was therefore subject to the Company’s shareholders’ approval. The special general meeting (“SGM”) of the Company was held on 17 October 2016 and the resolution of the SGM was not passed by the Company’s shareholders. As a result, the pre-condition of the New Offer is not fulfilled, the New Offers did not proceed based on the conditions of the New Offers and the offer period in respect of the New Offers ended on 17 October 2016. The offer document was not despatched.

Details of which are set out in the Company’s announcements dated 22 July 2016, 9 August 2016, 18 August 2016, 1 September 2016, 2 September 2016, 12 September 2016, 28 September 2016 and 17 October 2016, and the Company’s circular dated 28 September 2016, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 31 October 2016 (herein referred to as the “period”), the turnover of the Group amounted to approximately HK\$86,911,000 (2015: HK\$69,905,000), representing a notable increase of approximately 24% compared to the corresponding period in 2015. Net profits attributable to equity holders of the Company rose to HK\$3,490,000 (2015: net loss attributable to equity holders of the Company – HK\$9,224,000). Profits were mainly generated by an increase in loan interest income from the Group’s money lending operations during the period.

Scaffolding Services

In recent years, a number of transportation and infrastructure projects have been carried out by the Hong Kong Government to help boost the construction and development of Hong Kong’s society. To this end, a multi-pronged strategy has been adopted for maintaining a steady and sustainable land supply in order to meet the demand for private housing, which has, in turn, stimulated the positive growth trend in the construction industry during the period.

However, a primary concern across the entire industry during the past several years has been that construction workers, especially experienced personnel, have been in short supply, causing higher labour costs for employers. As a result, profit margins throughout the industry were lower during the period in addition to intensified competition within the scaffolding sector itself. However, it is worth mentioning that the Group’s patented scaffolding system known as “Pik-Lik” played a crucial role in saving manpower hours and achieving higher efficiency.

Leveraging the widespread recognition of our service quality and the strong relationships we have nurtured with our clientele, the Group continued to receive positive feedback and support as one of the leading scaffolding service providers in Hong Kong. During the period, we provided scaffolding services for 25 ongoing projects, 10 of which were completed on schedule. We also successfully secured 13 new contracts. The overall results for the division during the period improved and the net loss was approximately HK\$3,158,000, a decrease of 63% compared to the same period in 2015.

Fitting-out Services

Regarding our fitting-out business division, the Group recorded segment revenues of HK\$21,495,000 with 5 new contracts secured during the period.

Sense Key Design Holdings Limited (“Sense Key”), the Group’s 51% owned subsidiary, which provides fitting-out services targeting commercial institutions and luxury residence end-users continued to generate substantial revenues for the Group along with high profit margins. The Group has also extended its scope of services to include ceiling work and to date we have received encouraging feedback from clients.

Gondolas, Parapet Railings, Access Equipment Installation and maintenance Services

In this segment, the Group mainly generated revenues from temporary gondola fleet rental income during the period. The Access Equipment division has also been developing in a stable manner with turnover amounting to approximately HK\$4,973,000, an increase of 115% compared to the same period last year. Moreover, 13 new projects were secured during the period.

Management Contracting Services

The Group’s Management Contracting Division did not generate any revenue for the six months period. The Group is actively seeking for potential projects and is prudently optimistic about this business segment and will continue to actively approach prospective clients.

Real Estate Agency Business

In May 2016, the Group entered into a sale and purchase agreement for the disposal of the entire equity interest in Estate Sun Global Limited, a wholly owned subsidiary of the Company, which held 20% of the shares of AP Assets Limited. The Group reasoned that this disposal would create resources and working capital for other business segments with more growth potential.

Money Lending Business

The performance of the Group's money lending business was encouraging and resulted in a significant increase in the Group's overall profits during the period. Thanks to the management's extensive network, the Group secured a number of short-term loan agreements during the period and generated turnover of approximately HK\$18,333,000, which accounted for approximately 21% of total turnover. The principal amount of the loans ranged from HK\$6 million to HK\$40 million with interest rates set between 3% and 12% per annum during the period. In view of this segment's considerable returns, the Group considers money lending operations to be a profit driver and intends to further develop this segment.

Securities Investment Business

The Group began its securities investments in August 2015, managed by an investment committee which mainly focused on quality Hong Kong-listed securities with strict risk controls. Due diligence was conducted with every possible investment and each was taken into serious consideration to ensure quality risk control and to maximise shareholders' benefits.

Taking advantage of the imminent Shenzhen-Hong Kong stock market linkage set for the end of 2016, the Group's management believes the overall financial environment in Hong Kong will continue to expand and bloom, as the Group positions itself to capture the market's long-term potential.

Business Outlook

With the government's housing supply target set at 460,000 units for the ten-year period from 2015-16 to 2024-25 to help remedy the pressing need for residential accommodation, experts predict that the housing market will maintain strong momentum and will continue to benefit the construction industry. For this reason, the Group expects to secure a greater number of contracts in future. Despite the current labour shortage, which could lead to accelerating construction costs, the Group is still cautiously optimistic about the prospects for the scaffolding sector.

Amidst today's severe competition within the industry, we will take full advantage of our management team's extensive experience and use of innovative construction techniques while prudently reviewing the profitability of new contracts in order to achieve satisfactory profit returns. At present, 4 construction project(s) related to utilising Pik Lik system scaffolds (has/have) been identified and we estimate that such projects, if they proceed, will be completed by April 2017.

The Group's tireless efforts to bolster its money lending business were reflected in the extraordinary financial results during the reporting period. As a consequence, the Group believes that money lending operations will remain the major revenue growth driver and we will strive to capture more viable opportunities by allocating greater resources into this sector.

In the coming year, the Group aims to lend an aggregate amount of approximately HK\$430 million, with interest rates ranging from 3% to 15%. The Group has been constantly approached by potential borrowers and expects promising returns will ultimately be generated from this business segment.

With the expansion of our money lending business coupled with continuous improvements in the scaffolding sector, the Group anticipates more favorable business prospects going forward and believes that our business strategy is in line with the general direction of the government's overall strategic development plans for property construction and financial market development.

Financial Review

For the three months and six months ended 31 October 2016, revenue increased by approximately 59% and 24% 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 and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

Due to ongoing business expansion and diversification, operating and administrative expenses increased from approximately HK\$13,959,000 to approximately HK\$20,911,000. Finance costs increased from approximately HK\$1,173,000 to approximately HK\$2,220,000. These were mainly due to legal and professional fees increased by approximately HK\$4,022,000 and additional operational costs increased by approximately HK\$2,930,000 for expansion of the Group's businesses. 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 October 2016, the Group had shareholders' equity of approximately HK\$839,547,000 (30 April 2016: approximately HK\$801,365,000).

Fund raising activity 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\$429.13 million have been used as follows: (i) approximately HK\$300.00 million has been utilised for financing the money lending business; (ii) approximately HK\$88.75 million for the investment of the Group which was utilised as to (a) approximately HK\$86.75 million for the investment in listed securities, and (b) approximately HK\$2.00 million for the investment in non-listed securities.

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; 	<p>(iii) approximately HK\$40.38 million for general working capital of the Group which was utilised as to (a) approximately HK\$11.60 million for the purchase of raw material for the segment of scaffolding services for construction and building work; (b) approximately HK\$16.18 million for the salaries and wages for the employees of the Group; (c) approximately HK\$1.17 million for the rental and rates expenses of the Group; (d) approximately HK\$5.31 million for the legal and professional fees incurred by the Group; and (e) approximately HK\$6.12 million for other administrative expenses of the Group.</p> <p>The remaining balance of approximately HK\$91.25 million has not been utilised and remains in the bank for intended use.</p> <p>The aggregate net proceeds of HK\$132.78 million have been used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$28.02 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;

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
		<p>(v) approximately HK\$17.00 million for expansion of design and fitting out services of the Group; and</p> <p>(vi) the remaining balance of approximately HK\$24.76 million for general working capital of the Group.</p>	<p>(iv) approximately HK\$17.00 million has been utilised for expansion of design and fitting out services of the Group; and</p> <p>(v) approximately HK\$25.98 million has been applied as general working capital of the Group, of which was utilised as to (a) approximately HK\$12.18 million for the purchase of raw material for the segment of scaffolding services for construction and building work; (b) approximately HK\$6.45 million for the salaries and wages for the employees of the Group; (c) approximately HK\$2.03 million for the legal and professional fees incurred by the Group; and (d) approximately HK\$5.32 million for other administrative expenses of the Group.</p>
			<p>The remaining balance of approximately HK\$26.98 million has not been utilised and remains in the bank for intended use.</p>

Liquidity, financial resources and gearing ratio

During the period under review, the Group financed its operations by internally generated cash flow, banking facilities, other borrowings and finance leases provided by banks and finance companies.

As at 31 October 2016, the Group's consolidated shareholders' funds, current assets, net current assets and total assets were approximately HK\$839,547,000 (as at 30 April 2016: approximately HK\$801,365,000), approximately HK\$800,375,000 (as at 30 April 2016: approximately HK\$738,851,000), approximately HK\$657,292,000 (as at 30 April 2016: approximately HK\$656,006,000) and approximately HK\$981,380,000 (as at 30 April 2016: approximately HK\$882,288,000) respectively.

As at 31 October 2016, the Group's consolidated bank overdrafts and bank loans were approximately HK\$9,928,000 (as at 30 April 2016: approximately HK\$8,361,000) and approximately HK\$34,423,000 (as at 30 April 2016: approximately HK\$34,424,000) respectively. As at 31 October 2016, the Group's other loan and borrowings was approximately HK\$74,000,000 (as at 30 April 2016: HK\$20,000,000). As at 31 October 2016, obligations under finance leases amounted to approximately HK\$1,887,000 (as at 30 April 2016: approximately HK\$833,000).

As at 31 October 2016, the Group's bank and cash balances amounted to approximately HK\$226,533,000 (as at 30 April 2016: approximately HK\$230,005,000). As at 31 October 2016, the Group's gearing ratio (total borrowings and obligations under finance leases divided by shareholders' fund) was approximately 14% (as at 30 April 2016: approximately 8%).

Most of the Group's bank and cash balances, bank and other borrowings, and obligations under finance leases are 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 8 years. The interest rates on other loan and borrowings are ranged from 4% per annum to 8.5% per annum and are repayable by end of the terms of the agreements of periods ranged from 1 year to 2 years. Obligations under finance leases have an average lease term of 4 years. All such leases have interest rates fixed at the contract date and fixed repayment bases.

Segmental information

Operating segments

The Group is currently organised into 6 segments – (i) scaffolding services for the construction and buildings work, (ii) fitting out services for construction and buildings work, (iii) management contracting services for construction and buildings work, (iv) gondolas parapet railing and access equipment installation and maintenance services, (v) money lending business, and (vi) securities investment business. Details of results by Operating Segments are shown in note 4 above.

Significant investments, material acquisitions and disposals

On 26 May 2016, the Company entered into a sale and purchase agreement with Red Metro Limited (“Red Metro”), pursuant to which Red Metro conditionally agreed to purchase, and the Company conditionally agree to sell, 200 shares of Estate Sun Global Limited (“Estate Sun”) (“Sale Shares”), a wholly-owned subsidiary of the Company, at a consideration of HK\$20,000,000. The Sale Shares represented 100% of issued share capital of Estate Sun at completion. Estate Sun held 20% of issued share capital of AP Assets Limited, which together with its subsidiaries, was engaged in real estate agency business especially the sale of properties in Australia, Malaysia and the United Kingdom. Such sale and purchase was completed on 1 June 2016 and a gain on disposal of a subsidiary of HK\$2,309,000 was generated during the period.

Save as disclosed above, there were no significant investments held by the Group, no other 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:

	At 31 October 2016 (Unaudited) <i>HK\$'000</i>	At 30 April 2016 (Audited) <i>HK\$'000</i>
Investment properties	40,220	40,220
Leasehold land and buildings	7,015	7,129
Trade receivables	24,469	17,065
Retention receivables	455	1,103
	<u> </u>	<u> </u>

Foreign exchange and interest rate exposure

During the period ended 31 October 2016, the business activities of the Group were mainly denominated in Hong Kong dollars.

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 2016, the Group did not have any material contingent liabilities or guarantees (30 April 2016: Nil).

Capital and other commitments

Save as disclosed in note 18 "Commitments", the Group did not have any capital or other commitments as at 31 October 2016 (30 April 2016: Nil).

Employees and remuneration policies

The total number of full-time employees in the Group was 98 as at 31 October 2016 (as at 30 April 2016: 98). 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.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2016 (six months ended 31 October 2015: 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.

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 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 six months period or at any time during the six months period ended 31 October 2016.

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

As at 31 October 2016, the interests and short positions of the Directors (including the chief executive) 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 and underlying shares

Name of director	Number of ordinary shares held/ underlying shares held		
	Personal interest	Total interest (inclusive of deemed interest)	Percentage of the issued share capital of the Company
Dr. So Yu Shing	3,320,000	6,640,000 <i>(note a)</i>	0.05%
Ms. Lai Yuen Mei, Rebecca	3,320,000	6,640,000 <i>(note b)</i>	0.05%
Mr. Kong Kam Wang	1,778,000	–	0.01%
Mr. So Wang Chun, Edmond	4,400,000	–	0.03%
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.

Notes:

- (a) Inclusive of interest in 3,320,000 shares and underlying share held by Ms. Lai Yuen Mei, Rebecca.
- (b) Inclusive of interest in 3,320,000 shares and underlying share held by Dr. So Yu Shing.

Long positions in share options

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 1.5.2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31.10.2016
Dr. So Yu Shing	14 May 2014	28 May 2014 to 27 May 2016	0.195	2,216,000	-	-	(2,216,000)	-
Ms. Lai Yuen Mei, Rebecca	14 May 2014	28 May 2014 to 27 May 2016	0.195	2,216,000	-	-	(2,216,000)	-
Mr. Kong Kam Wang	20 May 2014	4 June 2014 to 3 June 2016	0.2025	1,200,000	-	-	(1,200,000)	-
Mr. So Wang Chun, Edmond	8 November 2010	8 December 2010 to 7 December 2016	0.32	3,600,000	-	-	-	3,600,000
	14 May 2014	28 May 2014 to 27 May 2016	0.195	1,136,000	-	-	(1,136,000)	-
Mr. Yuen Chun Fai	14 May 2014	28 May 2014 to 27 May 2016	0.195	5,536,000	-	-	(5,536,000)	-
				15,904,000	-	-	(12,304,000)	3,600,000

Save as disclosed above, as at 31 October 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 October 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 October 2016 (Approximate)
Avant Capital Management (HK) Limited	Beneficial owner	2,022,000,000	15.84%

Save as disclosed above, as at 31 October 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 six months ended 31 October 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 interim 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 six months ended 31 October 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 director has interests in the following businesses which are considered to compete or 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
Mr. 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
	Wan Kei Group Holdings Limited	Principally engaged in (i) foundation works; and (ii) ground investigation field works	Independent non-executive director
	KSL Holdings Limited	Provision of engineering consulting, contracting and project management services	Independent non-executive director (resigned on 2 June 2016)

As the board of directors of the Company is independent of the boards of the above-mentioned entities and the above director cannot 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 above, the directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the reporting period.

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 interim results for the six months ended 31 October 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as at the date of this report.

On behalf of the Board
So Yu Shing
Chairman

Hong Kong, 14 December 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).