



WLS Holdings Limited
滙隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report 2004/2005

* *For identification purposes only*

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

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The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims 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 (the “Directors”) of WLS Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

RESULTS FOR THE NINE MONTHS ENDED 31 JANUARY 2005

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 2005 together with the comparative unaudited figures for the corresponding periods in 2004 as follows:

	<i>Notes</i>	Three months ended 31 January		Nine months ended 31 January	
		2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>
Turnover	2	47,220	30,635	134,890	98,717
Cost of sales		<u>(38,403)</u>	<u>(26,748)</u>	<u>(113,387)</u>	<u>(81,298)</u>
Gross profit		8,817	3,887	21,503	17,419
Other operating income		44	83	192	378
Administrative expenses		<u>(5,426)</u>	<u>(7,451)</u>	<u>(16,571)</u>	<u>(19,345)</u>
Profit (loss) from operations		3,435	(3,481)	5,124	(1,548)
Finance costs		(532)	(450)	(1,626)	(1,251)
Share of results of associates		<u>(33)</u>	<u>–</u>	<u>50</u>	<u>–</u>
Profit (loss) before taxation		2,870	(3,931)	3,548	(2,799)
Taxation	3	<u>(426)</u>	<u>576</u>	<u>(496)</u>	<u>343</u>
Profit (loss) before minority interests		2,444	(3,355)	3,052	(2,456)
Minority interests		<u>(260)</u>	<u>122</u>	<u>108</u>	<u>166</u>
Net profit (loss) attributable to shareholders		<u><u>2,184</u></u>	<u><u>(3,233)</u></u>	<u><u>3,160</u></u>	<u><u>(2,290)</u></u>
Dividend per share	4	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>
Earnings (loss) per share –basic	5	<u><u>0.48 cent</u></u>	<u><u>(0.71) cent</u></u>	<u><u>0.69 cent</u></u>	<u><u>(0.50) cent</u></u>

NOTES

1. Basis of preparation

The unaudited consolidated results of the Group are prepared in accordance with all applicable Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirement of Chapter 18 of The rule Governing the Listing of Securities on GEM of Stock Exchange of Hong Kong Limited.

The unaudited consolidated results have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 April 2004.

2. Turnover

Turnover represents revenue from contracts for the provision of scaffolding and fitting out service, management contracting service for construction and building works and gondolas service income.

	Three months ended 31 January		Nine months ended 31 January	
	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service and fitting out service	23,503	20,909	70,734	87,998
– management contracting service	19,324	6,757	58,700	6,757
Gondolas service income	4,393	2,969	5,456	3,962
	47,220	30,635	134,890	98,717

3. Taxation

The taxation charge (credit) comprises:

	Three months ended 31 January		Nine months ended 31 January	
	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>
Hong Kong Profits Tax				
– current	426	–	496	–
– overprovision in previous quarters	–	(349)	–	–
Deferred tax	–	(227)	–	(343)
	<u>426</u>	<u>(576)</u>	<u>496</u>	<u>(343)</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the nine months and three months ended 31 January 2005.

In other jurisdiction, no provision for taxation has been made as the Group had no assessable profit during the nine months and three months ended 31 January 2005.

4. Dividend per share

The Board does not recommend the payment of an interim dividend for the nine months ended 31 January 2005 (nine months ended 31 January 2004: Nil).

5. Earnings (loss) per share

The calculation of the basic earning per share is based on the unaudited net profit attributable to shareholders for the three months and nine months ended 31 January 2005 of approximately HK\$2,184,000 and HK\$3,160,000 respectively (unaudited net loss attributable to shareholders for the three months and nine months ended 31 January 2004: approximately HK\$3,233,000 and HK\$2,290,000 respectively) and the weighted average number of 457,500,000 ordinary shares for the respective periods (three months and nine months ended 31 January 2004: 457,500,000 ordinary shares for respective periods).

No diluted loss per share for the three months and nine months ended 31 January 2005 has been presented because the exercising price of the Company's outstanding share options was higher than the average market prices of the shares during the periods. No diluted earnings per share was presented in prior periods as the Company had no dilutive potential shares during the prior periods.

6. Movement of reserves

For the nine months ended 31 January 2005

	Share premium <i>HK\$ '000</i>	Merger reserve <i>HK\$ '000</i>	Investment property revaluation reserve <i>HK\$ '000</i>	Retained profits <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
(Unaudited)					
At 1 May 2004	17,463	2,222	1,073	13,158	33,916
Profit for the period	—	—	—	3,160	3,160
	<u>17,463</u>	<u>2,222</u>	<u>1,073</u>	<u>16,318</u>	<u>37,076</u>
At 31 January 2005	<u>17,463</u>	<u>2,222</u>	<u>1,073</u>	<u>16,318</u>	<u>37,076</u>
(Unaudited)					
At 1 May 2003	17,463	2,222	573	22,109	42,367
Loss for the period	—	—	—	(2,290)	(2,290)
	<u>17,463</u>	<u>2,222</u>	<u>573</u>	<u>19,819</u>	<u>40,077</u>
At 31 January 2004	<u>17,463</u>	<u>2,222</u>	<u>573</u>	<u>19,819</u>	<u>40,077</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the nine months ended 31 January 2005, the turnover of the Group amounted to approximately HK\$134,890,000, representing an increase of about 37% as compared with that of the corresponding period in 2004. Profit attributable to shareholders for the nine months ended 31 January 2005 was approximately HK\$3,160,000 as compared against a loss attributable to shareholders of about HK\$2,290,000 in respect of the corresponding period in 2004.

During the period under review, significant recovery was seen in the scaffolding division as it succeeded in securing several sizeable new works contracts from various renowned main contractors. Concurrently, the stringent cost control measures took effect and the deployment of materials and labour as well as other logistical functions became more efficient. Furthermore, the new works contract for the provision of climbing scaffold services had commenced and its feedback from the main contractor was overwhelmingly positive. Such encouraging response definitely confirmed the success of the Group in developing a market for climbing scaffold thus resulting in an increase in the Group's ability to offer a wider range of scaffolding products to customers.

In regard to the participation of the Group in the Hong Kong Disneyland Project, apart from contributing stable revenue to the Group's financial performance, the prestige of the Group is vastly enhanced and the Group will adopt the strategy of utilising our goodwill and expertise gained to diversify to obtaining new businesses in theme park construction projects.

During the nine months ended 31 January 2005, a total of fifteen new contracts were successfully secured by the suspended ceiling business division for the supply and installation of suspended ceilings and the performance of alteration and fitting-out works. Revenue from this business division continued to increase and the management had set an objective to have the annual turnover of the suspended ceiling business division doubled in the current financial year which stands a reasonably high chance to be achieved.

During the period under review, the marketing efforts of the international division continued to be focused in Macau. A joint venture company which is 50% owned by the Group and 50% owned by the Guangdong No. 7 Construction Group Limited in Macau was formed with the aim to tender for and carry out large-scale construction projects in Macau. With the extremely good business network of the Guangdong No. 7 Construction Group Limited in Macau and the

goodwill and impeccable project reference of the WLS Group, the management is confident of the fruitful contribution to the Group's success in Macau business as a result of the synergy from the combination of the two Group's strengths. In addition, the commencement of the numerous large-scale hotel, casino entertainment establishments and resort developments in Macau in the forthcoming year will definitely present ample business opportunities to the international division of the Group.

With regard to the gondola business unit, work had commenced in respect of the contract for the supply and installation of access equipment to Stonecutters Bridge and progress had proceeded according to plan. The duration of this project would span over 3 years thus ensuring constant flow of business revenue to the Group. Moreover, another contract for the supply and installation of parapet railing for Nam Wan Tunnel was secured. At the same time, the temporary gondola business unit performed well and the fleet of temporary gondolas for rental purposes enjoyed close to full utilisation.

During the period under review, patents for both the design and utility model of the scaffolding coupler was granted by the People's Republic of China. Research efforts and resources continued to be devoted to the research and development division with the objective of constantly introducing new and innovative products to the market to maintain the Group's position as a market leader of the industry.

As for the economic climate of Hong Kong, recent statistical economic data revealed robust consumer confidence as shown in the increase in January retail sales figures released lately. The dramatic drop in cases of negative equity will certainly help to boost the property market as well as the retail market. Such "feel-good factors" will present abundant opportunities for the Group in the availability of more mega-size construction and theme park projects in Hong Kong and Macau. By streamlining its operations and continuous vigilance on cost-control whilst adopting the business strategy of diversification, the management is committed to enhancing shareholders' value and is confident the business performance of the Group will continue in the upward trend in the ensuing quarter.

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

As at 31 January 2005, the interests and short positions of the Directors and 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

Shares

Name of director	Number of ordinary shares held		Percentage of the issued share capital of the Company
	Personal interest	Family interest	
Mr. So Yu Shing	242,215,000	74,225,000	69.0%
Ms. Lai Yuen Mei, Rebecca	74,225,000	242,215,000	69.0%
Mr. Woo Siu Lun	19,260,000	–	4.2%
Mr. Kong Kam Wang	–	700,000	0.2%

Ms. Lai Yuen Mei, Rebecca is the wife of Mr. So Yu Shing.

Long positions in underlying shares

The following table discloses details of movements in respect of the Company's share options during the period:

Name of director	Date granted	Exercisable period (Both dates inclusive)	Exercise price <i>HK\$</i>	Outstanding at 1.5.2004	Granted during the period	Cancelled during the period	Outstanding at 31.1.2005
Mr. So Yu Shing	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	–	–	4,500,000
	5 February 2004	12 February 2005 to 11 February 2011	0.094	4,500,000	–	–	4,500,000
Ms. Lai Yuen Mei, Rebecca	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	–	–	4,500,000
	5 February 2004	12 February 2005 to 11 February 2011	0.094	4,500,000	–	–	4,500,000
Mr. Woo Siu Lun	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	–	–	4,500,000
	5 February 2004	12 February 2005 to 11 February 2011	0.094	100,000	–	–	100,000
Mr. Kong Kam Wang	21 May 2002	28 May 2003 to 27 May 2009	0.381	4,500,000	–	–	4,500,000
	5 February 2004	12 February 2005 to 11 February 2011	0.094	300,000	–	–	300,000
Mr. Lau Wan Pui, Joseph (<i>note</i>)	5 February 2004	12 February 2005 to 11 February 2011	0.094	2,000,000	–	(2,000,000)	–
				29,400,000	–	(2,000,000)	27,400,000

Note: The director resigned during the period.

No options were granted during the period.

Save as disclosed above, as at 31 January 2005, none of the Directors or their associates as well as 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 2005, the persons who have interests and short positions in shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Long positions in shares

Name of substantial shareholders	Number of ordinary shares held
Mr. So Yu Shing	242,215,000
Ms. Lai Yuen Mei, Rebecca	74,225,000

Save as disclosed above, as at 31 January 2005, the Company has not been notified of any other person (other than a Director or the chief executive 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 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with the corporate governance matters as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business which competed or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee on 9 November 2001 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, namely Dr. Sritawat Kitipornchai, Mr. Yeung Po Chin and Mr. Lam Kwok Wing, all being independent non-executive directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and accounts, and half yearly and quarterly reports.

The Group's unaudited consolidated results for the nine months ended 31 January 2005 have been reviewed by the audit committee which was of the opinion that the results complied with applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosure had been made.

As at the date of this report, the Board comprises Mr. So Yu Shing (Chairman and executive Director), Ms. Lai Yuen Mei Rebecca (executive Director), Mr. Ip Ping Hong Antony (executive Director), Mr. Woo Siu Lun (executive Director), Mr. Kong Kam Wang (executive Director), Dr. Sritawat Kitipornchai (independent non-executive Director), Mr. Yeung Po Chin (independent non-executive Director), Mr. Lam Kwok Wing (independent non-executive Director) and Mr. Hui Tung Wah (non-executive Director).

By order of the Board
So Yu Shing
Chairman

Hong Kong, 14 March 2005