



WLS Holdings Limited

滙隆控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Interim Report 2008/2009

* *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 principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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 founded on bases and assumptions that are fair and reasonable.

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 October 2008

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover	3	32,220	48,672	74,547	89,305
Cost of sales		(24,055)	(41,677)	(59,157)	(73,884)
Gross profit		8,165	6,995	15,390	15,421
Other income		195	188	353	347
Administrative expenses		(5,693)	(4,313)	(10,983)	(10,365)
Finance costs		(905)	(1,151)	(1,721)	(2,506)
Share of results of jointly controlled entities		–	137	(621)	137
Profit before taxation		1,762	1,856	2,418	3,034
Taxation	6	(278)	(58)	(397)	81
Profit for the period		1,484	1,798	2,021	3,115
Attributable to:					
Equity holders of the Company		1,512	2,065	2,013	3,748
Minority interests		(28)	(267)	8	(633)
		1,484	1,798	2,021	3,115
Dividend	7	–	–	–	–
Earnings per share					
– basic	8	HK0.21 cent	HK0.36 cent	HK0.27 cent	HK0.68 cent

CONSOLIDATED BALANCE SHEET

		At 31 October 2008 (Unaudited) HK\$'000	At 30 April 2008 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment property		18,400	18,400
Property, plant and equipment	9	27,130	29,301
Prepaid lease payments		4,609	4,671
Goodwill		3,138	3,138
Interests in jointly controlled entities		–	620
		<u>53,277</u>	<u>56,130</u>
Current assets			
Prepaid lease payments		124	124
Inventories		2,044	2,361
Trade receivables	10	69,858	77,165
Amounts due from customers for contract work		56,202	45,993
Retention money receivables		12,917	13,816
Prepayments, deposits and other receivables		5,257	6,405
Amount due from associates		1,053	2,261
Amount due from jointly controlled entities		7,195	4,532
Bank balances and cash		3,832	13,025
		<u>158,482</u>	<u>165,682</u>
Current liabilities			
Trade and other payables	11	12,458	17,402
Amounts due to customers for contract work		10,359	19,363
Retention money payables		6,629	4,403
Tax payable		2,076	1,716
Obligations under finance leases		395	452
Bank borrowings	12	19,972	31,376
Bank overdrafts		27,627	27,361
		<u>79,516</u>	<u>102,073</u>
Net current assets		<u>78,966</u>	<u>63,609</u>
Total assets less current liabilities		<u>132,243</u>	<u>119,739</u>

CONSOLIDATED BALANCE SHEET (continued)

		At 31 October 2008 (Unaudited) HK\$'000	At 30 April 2008 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Obligations under finance leases		856	1,063
Bank borrowings	<i>12</i>	11,584	10,734
Convertible note		10,200	–
Deferred tax		2,690	2,690
		<hr/> 25,330 <hr/>	<hr/> 14,487 <hr/>
		106,913	105,252
		<hr/> 106,913 <hr/>	<hr/> 105,252 <hr/>
Capital and reserves			
Share capital	<i>13</i>	7,353	7,353
Reserves		100,963	99,310
		<hr/> 108,316 <hr/>	<hr/> 106,663 <hr/>
Equity attributable to equity holders of the Company		108,316	106,663
Minority interest		(1,403)	(1,411)
		<hr/> 106,913 <hr/>	<hr/> 105,252 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2008

	Attributable to equity holders of the Company								Total
	Share capital	Share premium	Merger reserve	Revaluation reserve	Share option reserve	Retained profits	Total	Minority interests	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 May 2007 (audited)	4,762	20,639	2,222	1,206	–	24,872	53,701	(487)	53,214
Profit for the period	–	–	–	–	–	3,748	3,748	(633)	3,115
Issue of shares under scrip dividend scheme for 2006/07 final dividend	33	1,445	–	–	–	(1,478)	–	–	–
2006/07 final dividend paid	–	–	–	–	–	(1,354)	(1,354)	–	(1,354)
Placing of shares	900	16,376	–	–	–	–	17,276	–	17,276
Exercise of share options	128	4,638	–	–	–	–	4,766	–	4,766
At 31 October 2007 (unaudited)	5,823	43,098	2,222	1,206	–	25,788	78,137	(1,120)	77,017
At 1 May 2008 (audited)	7,353	60,935	2,222	1,546	6,836	27,771	106,663	(1,411)	105,252
Profit for the period	–	–	–	–	–	2,013	2,013	8	2,021
Expenses on open offer of shares	–	(335)	–	–	–	–	(335)	–	(335)
Share application expenses	–	(25)	–	–	–	–	(25)	–	(25)
At 31 October 2008 (unaudited)	7,353	60,575	2,222	1,546	6,836	29,784	108,316	(1,403)	106,913

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 grant date.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2008

	Six months ended 31 October 2008 (Unaudited) HK\$'000	Six months ended 31 October 2007 (Unaudited) HK\$'000
Net cash used in operating activities	(6,916)	(5,805)
Net cash generated from/(used in) investing activities	156	(105)
Net cash (used in)/generated from financing activities		
New bank loan raised	33,492	33,816
Repayment of borrowings	(44,046)	(51,099)
Net increase in bank overdrafts	266	693
Net proceeds from placing of shares	–	17,276
Proceeds from exercise of share options	–	4,766
Proceeds on issue of convertible note	10,200	–
Other financing activities	(2,345)	(3,968)
	(2,433)	1,484
Decrease in cash and cash equivalents	(9,193)	(4,426)
Cash and cash equivalents at 1 May	13,025	11,548
Cash and cash equivalents at 31 October	3,832	7,122

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. Principal accounting policies

The unaudited condensed financial statements have been prepared on the historical cost basis except for certain properties which are measured at fair values.

The accounting policies and method of computation used in the preparation of condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 April 2008, except as described below.

During the period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA that are effective for annual periods beginning on or after 1 January 2008.

HK(IFRIC) – Int 12	Service Concession Arrangement
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs has had no material effect on results and financial positions for the current and prior accounting periods.

The group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Company is still not in the position to estimate the impact that may arise from the application of these new standards and interpretations.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

The preparation of condensed financial statements in conformity with Hong Kong Financial Reporting Standards issued by HKICPA requires the use of certain critical estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement, assumptions and estimates are significant to the condensed financial statements. These condensed financial statements should be read in conjunction with the 2008 annual financial statements.

3. Turnover

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

	For the three months ended 31 October		For the six months ended 31 October	
	2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	22,990	20,870	52,707	39,708
– fitting out service	2,469	12,180	4,604	17,540
Management contracting service	5,516	15,106	10,685	30,530
Gondolas, access equipment, parapet railings installation and maintenance services	1,245	516	6,551	1,527
	32,220	48,672	74,547	89,305

4. Segmental Information

Segmental information is presented in respect of the Group's primary business segments and secondary geographical segments.

For management purposes, the Group is currently organised into three operating divisions (i) scaffolding and fitting out service for the construction and building works, (ii) management contracting service for the construction and building works, and (iii) gondolas, access equipment, parapet railing installation and maintenance services.

Business Segments

	Scaffolding and fitting out service for the construction & building works <i>HK\$ '000</i>	Management contracting service for the construction and building works <i>HK\$ '000</i>	Gondolas, parapet railing and access equipment installation and maintenance services <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
For the six months ended 31 October 2008				
(unaudited)				
REVENUE				
Total external sales	57,311	10,685	6,551	74,547
SEGMENT RESULTS				
Gross profit	13,070	1,815	505	15,390
Allocation of corporate expenses	(6,874)	(1,093)	(797)	(8,764)
	6,196	722	(292)	6,626
Other income				353
Unallocated corporate expenses				(2,219)
Finance costs				(1,721)
Share of results of jointly controlled entities				(621)
Profit before taxation				2,418
Taxation				(397)
Profit for the period				2,021

	Scaffolding and fitting out service for the construction & building works <i>HK\$ '000</i>	Management contracting service for the construction and building works <i>HK\$ '000</i>	Gondolas, parapet railing and access equipment installation and maintenance services <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
For the six months ended 31 October 2007				
(unaudited)				
REVENUE				
Total external sales	57,248	30,530	1,527	89,305
SEGMENT RESULTS				
Gross profit/(loss)	5,829	11,656	(2,064)	15,421
Allocation of corporate expenses	(6,431)	(2,844)	(287)	(9,562)
	(602)	8,812	(2,351)	5,859
Other income				347
Unallocated corporate expenses				(803)
Finance costs				(2,506)
Share of results of jointly controlled entities				137
Profit before taxation				3,034
Taxation				81
Profit for the period				3,115

Geographical Segments

	Hong Kong HK\$'000	Macau HK\$'000	India HK\$'000	Consolidated HK\$'000
For the six months ended 31 October 2008				
(unaudited)				
REVENUE				
Total external sales	53,376	21,171	–	74,547
	<u>53,376</u>	<u>21,171</u>	<u>–</u>	<u>74,547</u>
SEGMENT RESULTS				
Gross profit	10,190	5,200	–	15,390
Allocation of corporate expenses	(6,547)	(2,217)	–	(8,764)
	<u>3,643</u>	<u>2,983</u>	<u>–</u>	<u>6,626</u>
Other income				353
Unallocated corporate expenses				(2,219)
Finance costs				(1,721)
Share of results of jointly controlled entities				(621)
Profit before taxation				2,418
Taxation				(397)
Profit for the period				<u>2,021</u>
For the six months ended 31 October 2007				
(unaudited)				
REVENUE				
Total external sales	52,271	34,646	2,388	89,305
	<u>52,271</u>	<u>34,646</u>	<u>2,388</u>	<u>89,305</u>
SEGMENT RESULTS				
Gross profit/(loss)	4,875	11,180	(634)	15,421
Allocation of corporate expenses	(5,967)	(3,228)	(367)	(9,562)
	<u>(1,092)</u>	<u>7,952</u>	<u>(1,001)</u>	<u>5,859</u>
Other income				347
Unallocated corporate expenses				(803)
Finance costs				(2,506)
Share of results of jointly controlled entities				137
Profit before taxation				3,034
Taxation				81
Profit for the period				<u>3,115</u>

5. Profit from operations

Profit from operations is stated after charging the following:

	For the three months ended 31 October		For the six months ended 31 October	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	<u>809</u>	<u>939</u>	<u>1,643</u>	<u>1,855</u>

6. Taxation

The taxation (charge)/credit comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
– current period	(65)	473	(179)	1,311
Other jurisdiction				
– current period	<u>(213)</u>	<u>(531)</u>	<u>(218)</u>	<u>(1,230)</u>
	<u>(278)</u>	<u>(58)</u>	<u>(397)</u>	<u>81</u>

Hong Kong Profits Tax was provided at the rate of 16.5% and 17.5% for the six months ended 31 October 2008 and 31 October 2007 respectively on the estimated assessable profit/loss arising in or derived from Hong Kong.

Taxation arising from other jurisdiction is calculated at the rate in the relevant jurisdiction.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2008 (six months ended 31 October 2007: Nil).

8. Earnings per share

The calculation of the basic earnings per share is based on the unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2008 amounting to HK\$1,512,000 and HK\$2,013,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2007 amounting to HK\$2,065,000 and HK\$3,748,000 respectively) and the weighted average number of 735,342,693 ordinary shares and 735,342,693 ordinary shares for the respective periods (three months and six months ended 31 October 2007: 572,308,426 shares and 550,935,661 shares respectively).

No diluted earnings per share for the six months ended 31 October 2008 had been presented because the exercise price of the Company's outstanding share options and conversion price of the convertible note were higher than the average market prices of the share during the period. No diluted earnings per share has been presented in prior periods as the Company had no dilutive potential shares during the prior periods.

9. Addition to property, plant and equipment

During the six months ended 31 October 2008, the Group incurred approximately HK\$84,000 (six months ended 31 October 2007: HK\$116,000) on acquisition of property, plant and equipment.

10. Trade receivable

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 receivable is as follows:

	At 31 October 2008 (Unaudited) HK\$'000	At 30 April 2008 (Audited) HK\$'000
0 to 90 days	38,180	30,528
91 to 180 days	2,764	23,566
181 to 270 days	6,928	6,130
Over 270 days	21,986	16,941
	<hr/> 69,858 <hr/> <hr/>	<hr/> 77,165 <hr/> <hr/>

11. Trade and other payables

Included in trade and other payables are trade payables of HK\$7,647,000 (as at 30 April 2008: HK\$10,881,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2008 (Unaudited) HK\$'000	At 30 April 2008 (Audited) HK\$'000
0 to 90 days	4,858	4,494
91 to 180 days	1,679	2,103
181 to 270 days	532	2,280
Over 270 days	578	2,004
	<hr/> 7,647 <hr/> <hr/>	<hr/> 10,881 <hr/> <hr/>

12. Bank borrowings

	At 31 October 2008 (Unaudited) <i>HK\$'000</i>	At 30 April 2008 (Audited) <i>HK\$'000</i>
Bank borrowings analysed as:		
Secured	17,292	19,403
Unsecured	14,264	22,707
	<u>31,556</u>	<u>42,110</u>
The borrowings are repayable as follows:		
On demand or within one year	19,972	31,376
More than one year, but not exceeding two years	1,413	1,185
More than two years, but not exceeding five years	3,871	2,674
After five years	6,300	6,875
	<u>31,556</u>	<u>42,110</u>
Less: Amount due within one year shown under current liabilities	<u>(19,972)</u>	<u>(31,376)</u>
Amount due after one year	<u>11,584</u>	<u>10,734</u>

13. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 October 2008 and 30 April 2008	2,000,000,000	20,000
Issued and fully paid:		
At 31 October 2008	735,342,693	7,353
At 30 April 2008	735,342,693	7,353

14. Contingent liabilities

At 31 October 2008, the Group provided counter indemnities amounting to HK\$5,983,000 (30 April 2008: HK\$7,313,000) to banks for surety bonds issued by the bank in respect of construction contracts.

15. Capital commitments

	At 31 October 2008 (Unaudited) HK\$'000	At 30 April 2008 (Audited) HK\$'000
Capital expenditure contracted for but not provided in the financial statement in respect of acquisition of property, plant and equipment	—	—

16. Related party transactions

- (i) During the period, the Group entered into the following transactions:

	For the six months ended 31 October	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Transactions with a jointly controlled entity		
Subcontracting expenses of scaffolding services	—	473
Subcontracting income	—	255

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

- (ii) Personal guarantees up to the extent of HK\$20,230,000 were made by a director in favour of financial institutions for the granting of banking facilities to a subsidiary of the Company.
- (iii) Compensation of key management personnel

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

	For the six months ended 31 October	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Short term benefits	2,613	3,192
Post-employment benefits	27	34
	<u>2,640</u>	<u>3,226</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the six months ended 31 October 2008, the turnover of the Group amounted to approximately HK\$74,547,000, representing a decrease of about 16% as compared with that of the corresponding period in 2007. Net profit attributable to equity holders for the six months ended 31 October 2008 was approximately HK\$2,013,000, which is equivalent to a decrease of about 46% from that of the corresponding period in 2007.

During the period under review, the business operations of the scaffolding division experienced an improvement resulting from the increase in construction activities in the local construction industry. For the six months ended 31 October 2008, the scaffolding division secured 14 works contracts for the provision of scaffolding for new sites, such as the construction sites in Fei Ngo Shan and in San Po Kong Inland Lot No. 6308, the extension of Prince of Wales Hospital Building, as well as for renovation works to be carried out in residential towers such as the 129 Repulse Bay Road and the renovation of UA Cinema in Shatin.

In respect of the operating results of the fitting out business division, 2 new contracts for the supply and installation of suspended ceilings to Lung Tin Village in the New Territories and for fitting out works in Tuen Mun Town Lot 447 respectively were awarded during the period under review. The successful diversification of the Group into the fitting out market and the goodwill and excellent references acquired contributed to the Group in becoming one of the prominent participants in the local fitting out market.

In regard to the access equipment division, the contract for the design, supply, installation and maintenance of access equipment for the Stonecutters Bridge proceeded according to plan. In addition, the supply and installation of access equipment to the Venetian (Parcel 1 and Parcel 2) in Macau were on-going according to schedule.

During the period under review, the on-going projects of the GRC (Glass Reinforced Cement) division proceeded according to schedule. The contracts for the supply of GRC animal sculptures in Noah's Ark Theme Park and for the GRC covered walkway in Ma Wan Park were approaching the final stage. Feedbacks from the client were extremely favourable and further enhanced our goodwill in this market sector. Besides, works contracts for the supply and installation of GRC themed cladding to the external facades of the Venetian (Phase 2) in Macau was completed during the period.

In respect of the international division, the current works contract for the supply and installation of access equipment to a landmark commercial building complex in Beijing proceeded according to plan. Besides, our Group planned to promote the trading of building material business by participating in several international exhibitions of building materials in the coming months. Considerable marketing efforts and resources were deployed to develop this business and diversify into the trading of building materials.

Concurrently, the management of the Group is committed to vigilant cost control in all operating units. As the economy of Greater China continues to thrive and experience considerable boom, its demand for building materials and other natural resources continues to show significant growth. The Group is alert to seize this invaluable window of opportunity to leverage on the expertise and financial strength of its overseas partners to further diversify into international businesses with considerable potentials to enhance shareholders' value in the ensuing periods of our current financial year.

Financial Review

For the 3 months and 6 months ended 31 October 2008, revenue decreased by 34% and 16% 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 into other countries during recent years. Projects in the scaffolding and fitting out division contributed substantial revenue to mitigate the effect of this drop and maintain the financial stability of the group in anticipation of future growth.

The gross profit of the scaffolding and fitting out service division increased significantly. It is consequent to the award of certain value-added project works with satisfactory profit margins contracted recently in Hong Kong. Due to completion of large-scale GRC themed cladding projects in Hong Kong and Macau, gross profit contribution from the management contracting division has decreased accordingly.

Owing to our business diversification but under our commitment to vigilant cost control, administrative expenses only increased slightly during the period under review. In addition, recent fund raising activities had lowered the need of bank borrowing and thus decreased the finance costs.

Liquidity, financial resources, capital structure and gearing ratio

During the period under review, the Group financed its operations by internally generated cash flow, banking facilities and finance leases provided by banks and financial institutions as well as the issuance of the convertible note.

As at 31 October 2008, the Group's consolidated shareholders' funds and net current assets were about HK\$108,316,000 (as at 30 April 2008: HK\$106,663,000) and HK\$78,966,000 (as at 30 April 2008: HK\$63,609,000) respectively. As at 31 October 2008, the Group's consolidated bank borrowings amounted to approximately HK\$59,183,000 (as at 30 April 2008: HK\$69,471,000).

As at 31 October 2008, the Group's bank and cash balances amounted to about HK\$3,832,000 (as at 30 April 2008: HK\$13,025,000) respectively.

Most of the Group's bank balances and cash, short-term and long-term bank borrowings and obligations under finance leases were denominated in Hong Kong dollars. Most of the bank borrowings bear interest at market rates and are repayable by instalments over a period of 3 months to 1 year. Obligations under finance leases have a lease term of 4 years. All such leases have interest rates fixed at the contract date and fixed repayment bases.

As at 31 October 2008, the Group's gearing ratio (basis: bank overdrafts, total bank borrowings, obligations under finance leases and convertible note divided by total assets) was about 33.3% (as at 30 April 2008: 32.0%).

The Board believes that the Group is in a healthy financial position and has sufficient financial resources to discharge its debts and satisfy its commitments and working capital requirements.

Segmental information

Business segments

The Group is currently organised into three operating divisions: (i) scaffolding and fitting out service for construction and building works, (ii) management contracting service for construction and building works and (iii) gondolas, access equipment, parapet railing installation and maintenance services. Details of result by business segments are shown in note 4 above.

Geographical segments

The Group's turnover and profit from operations are derived from group companies incorporated in Hong Kong and Macau. Details of result by geographical segments are shown in note 4 above.

Significant investments, material acquisitions and disposals

There were no significant investments held by the Group, no material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the period under review.

Details of future plans for material investments or capital assets

The Directors do not have any future plans for material investments or capital assets other than those stated in the Prospectus of the Company.

Charges on assets

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

	At 31 October 2008 (Unaudited) <i>HK\$'000</i>	At 30 April 2008 (Audited) <i>HK\$'000</i>
Investment property	18,400	18,400
Prepaid lease payments	4,733	4,795
Buildings	12,143	12,300

Foreign exchange exposure

As the Group's assets and liabilities are mainly denominated in Hong Kong dollars, the Board does not consider that the Group is significantly exposed to any material foreign currency exchange risk.

Employees and remuneration policies

The total number of full-time employees in the Group was 115 at 31 October 2008 (as at 30 April 2008: 116). The Group remunerated its employees on the basis of performance, experience, and the prevailing industry practice. In addition to salaries, employee benefits included medical scheme, insurance, mandatory provident fund and share option schemes.

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

As at 31 October 2008, 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		
	Personal interest	Family interest	Percentage of the issued share capital of the Company
Mr. So Yu Shing	296,750,000	105,030,000	54.6%
Ms. Lai Yuen Mei, Rebecca	105,030,000	296,750,000	54.6%
Mr. Woo Siu Lun	18,400,000	–	2.5%
Mr. Kong Kam Wang	5,625,000	–	0.8%

Ms. Lai Yuen Mei, Rebecca is the spouse 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>HKS</i>	Outstanding at 1.5.2008	Granted during the period	Cancelled during the period	Outstanding at 31.10.2008
Mr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	–	4,400,000	–	4,400,000
Ms. Lai Yuen Mei, Rebecca	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	–	4,400,000	–	4,400,000
Mr. Woo Siu Lun	8 October 2007	15 April 2008 to 14 April 2014	0.60	5,800,000	–	–	5,800,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	–	1,400,000	–	1,400,000
Mr. Kong Kam Wang	8 October 2007	15 April 2008 to 14 April 2014	0.60	4,300,000	–	–	4,300,000
	2 May 2008	9 November 2008 to 8 November 2014	0.217	–	2,900,000	–	2,900,000
Mr. Ip Ping Hong, Antony*	8 October 2007	15 April 2008 to 14 April 2014	0.60	1,500,000	–	(1,500,000)	–
				17,200,000	13,100,000	(1,500,000)	28,800,000
				17,200,000	13,100,000	(1,500,000)	28,800,000

- * Mr. Ip Ping Hong, Antony resigned as an executive director of the Company on 9 August 2008. Pursuant to the terms of the Share Option Scheme adopted by the Company on 25 November 2001, his share options entitlement was cancelled as he ceased to be a full time employee of the Company.

Save as disclosed above, as at 31 October 2008, 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 2008, 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	296,750,000
Ms. Lai Yuen Mei, Rebecca	105,030,000

Save as disclosed above, as at 31 October 2008, 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 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the period, the Company has applied the principles of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in 2008 annual report of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2008, the Company had adopted a code of conduct regarding directors' securities transactions as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and was not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

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

AUDIT COMMITTEE

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

The Group's unaudited consolidated results for the six months ended 31 October 2008 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), Mr. Kong Kam Wang (Chief Executive Officer and Executive Director), Ms. Lai Yuen Mei Rebecca (Executive Director), Mr. Woo Siu Lun (Executive Director), Mr. Yeung Po Chin (Independent Non-executive Director), Mr. Lam Kwok Wing (Independent Non-executive Director), Dr. Fung Ka Shuen (Independent Non-executive Director) and Mr. Hui Tung Wah (Non-executive Director).

By order of the Board
So Yu Shing
Chairman

Hong Kong, 12 December 2008