



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Third Quarterly Report 2008/2009

* *For identification purpose only*

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (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.

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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

Consolidated Income Statement

For the three months and nine months ended 31 January 2009

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	3	29,561	49,541	104,108	138,846
Cost of sales		(24,427)	(42,798)	(83,584)	(116,682)
Gross profit		5,134	6,743	20,524	22,164
Other operating income		362	150	715	497
Administrative expenses		(3,924)	(5,464)	(14,907)	(15,829)
Finance costs		(929)	(1,026)	(2,650)	(3,532)
Share of results of jointly controlled entities		–	60	(621)	197
Profit before taxation		643	463	3,061	3,497
Taxation	4	(103)	287	(500)	368
Profit for the period		540	750	2,561	3,865
Attributable to:					
Equity holders of the Company		518	935	2,531	4,683
Minority interests		22	(185)	30	(818)
		540	750	2,561	3,865
Dividend	5	–	–	–	–
Earnings per share – basic	6	HK0.07 cent	HK0.16 cent	HK0.34 cent	HK0.83 cent

1. Basis of preparation

The unaudited consolidated financial results 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 consolidated financial results 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 unaudited consolidated financial results 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 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards 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
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁵

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

⁵ Effective for transfers of assets from customers received on or after 1 July 2009

The preparation of consolidated financial results 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 consolidated financial results. These consolidated financial results should be read in conjunction with the 2008 annual financial statements.

3. Revenue

	Three months ended 31 January		Nine months ended 31 January	
	2009 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	21,265	28,516	73,972	68,224
– fitting out service	5,626	6,972	10,230	24,512
Management contracting service	674	12,941	11,359	43,471
Gondolas, access equipment, parapet railing installation and maintenance services	1,996	1,112	8,547	2,639
	<u>29,561</u>	<u>49,541</u>	<u>104,108</u>	<u>138,846</u>

4. Taxation

The taxation credit (charge) comprises:

	Three months ended 31 January		Nine months ended 31 January	
	2009 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>
Hong Kong Profits Tax				
– current period	(94)	(14)	(273)	1,297
Other jurisdiction – current period	(9)	301	(227)	(929)
	<u>(103)</u>	<u>287</u>	<u>(500)</u>	<u>368</u>

Hong Kong Profits Tax was provided at the rate of 16.5% and 17.5% for the 9 months ended 31 January 2009 and 31 January 2008 respectively on the estimated assessable profit arising in or derived from Hong Kong.

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

5. Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 January 2009 (nine months ended 31 January 2008: Nil).

6. 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 nine months ended 31 January 2009 amounting to HK\$518,000 and HK\$2,531,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and nine months ended 31 January 2008 amounting to HK\$935,000 and HK\$4,683,000 respectively) and the weighted average number of 735,342,693 ordinary shares and 735,342,693 ordinary shares for the respective period (three months and nine months ended 31 January 2008: 582,274,155 shares and 561,381,826 shares respectively).

No diluted earnings per share has been presented for both periods because the average 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 in both periods.

7. Movement of reserves

	Attributable to equity holders of the Company							
	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Share Option reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2007 (audited)	20,639	2,222	1,206	–	24,872	48,939	(487)	48,452
Profit for the period	–	–	–	–	4,683	4,683	(818)	3,865
Issue of shares under scrip dividend scheme for 2006/07 final dividend	1,445	–	–	–	(1,478)	(33)	–	(33)
2006/07 final dividend paid	–	–	–	–	(1,354)	(1,354)	–	(1,354)
Placing of shares	16,376	–	–	–	–	16,376	–	16,376
Exercise of share options	4,638	–	–	–	–	4,638	–	4,638
At 31 January 2008 (unaudited)	<u>43,098</u>	<u>2,222</u>	<u>1,206</u>	<u>–</u>	<u>26,723</u>	<u>73,249</u>	<u>(1,305)</u>	<u>71,944</u>
At 1 May 2008 (audited)	60,935	2,222	1,546	6,836	27,771	99,310	(1,411)	97,899
Profit for the period	–	–	–	–	2,531	2,531	30	2,561
Expenses on open offer of shares	(378)	–	–	–	–	(378)	–	(378)
Expenses on issuance of convertible note	(222)	–	–	–	–	(222)	–	(222)
Share application expenses	(25)	–	–	–	–	(25)	–	(25)
At 31 January 2009 (unaudited)	<u>60,310</u>	<u>2,222</u>	<u>1,546</u>	<u>6,836</u>	<u>30,302</u>	<u>101,216</u>	<u>(1,381)</u>	<u>99,835</u>

Notes:

- 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.
- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the nine months ended 31 January 2009, the turnover of the Group amounted to approximately HK\$104,108,000, representing a decrease of about 25% as compared with that of the corresponding period in 2008. Net profit attributable to equity holders of the Company for the nine months ended 31 January 2009 was approximately HK\$2,531,000, which is equivalent to a decrease of about 46% from that of the corresponding period in 2008.

During the period under review, the business operations of the scaffolding division experienced further improvement resulting from the continuous increase in construction activities in the local construction industry. For the nine months ended 31 January 2009, the scaffolding division secured 19 works contracts for the provision of scaffolding for new construction sites and for renovation works to be carried out in residential towers, shopping centres and hotel buildings. Notable new scaffoldings works contracts include the scaffolding services provided for construction sites at San Po Kong and Kwai Chung.

In respect of the operation results of the fitting out business division, 3 new contracts were awarded during the period under review. They comprised of the provision of fitting out services to the Clubhouse of Lung Tin Village Development, the supply and installation of suspended ceilings to Lung Tin Village Development and the fitting out services provided to the lobby and concourse of Tuen Mun Railway Station.

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 in Macau was on-going according to schedule. During the period under review, the management of the Group noted a significant surge in the demand for temporary gondolas in the market. As a result, the Group's fleet of temporary gondolas attained full utilization level and our management predicted a continual increase in market potential and took the decision to expand our temporary gondola fleet to maximize our capacity to tap into this booming market segment.

During the period under review, the on-going projects of the GRC (Glass Reinforced Cement) business 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 completed and received considerable positive feedback from the clients. Concurrently, works contracts for the supply and installation of GRC themed cladding to the external facades of the Venetian (Phase 2) in Macau were completed and project references in this market segment are invaluable to the Group in its future business endeavours in the GRC market.

In respect of the international business division, the current works contract for the supply and installation of access equipment to Parkview Green in Beijing, People's Republic of China (the PRC) proceeded according to plan. Concurrently the Group actively engaged on marketing activities and was presently in the tendering stage in its bid to secure sub-contracting works contracts for certain development projects in major PRC cities.

During the period under review, the management of the Group is committed to vigilant cost control in all operating units. By undertaking stringent budget control and prudent business strategy, the management is of the opinion that the Group's business is in the right track in the face of the current global economic environment and would stand to benefit on the future rebound of the economic business cycle.

Financial Review

For the 3 months and 9 months ended 31 January 2009, the Group's revenue amounted to approximately HK\$29,561,000 and HK\$104,108,000 respectively. These represent a decrease of about 40% and 25% respectively as compared with the corresponding periods in the last financial year. This decrease in revenue is largely attributable to the completion of the Group's GRC project in the Venetian in Macau.

Gross profit decreased slightly from HK\$22,164,000 to HK\$20,524,000 during the period under review. This resulted mainly from the completion of the Macau projects in the latter part of the period under review whilst new contract orders are still at negotiation stage and not yet finalised. In addition, the Group's ongoing policy of stringent cost control continued in place across all operating units.

Despite our business expansion and diversification, administrative expenses had been reduced from HK\$15,829,000 to HK\$14,907,000. It was due to stringent control on overhead costs, rationalization of the utilization of workforce and seasonal fluctuation. In addition, better working capital management led to the decrease of finance costs from HK\$3,532,000 to HK\$2,650,000.

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

As at 31 January 2009, the interests and short positions of the Directors of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Shares

Name of director	Number of ordinary shares held		Percentage of the issued share capital of the Company
	Personal interest	Family interest	
Mr. So Yu Shing	296,750,000	105,030,000	54.64%
Ms. Lai Yuen Mei, Rebecca	105,030,000	296,750,000	54.64%
Mr. Woo Siu Lun	18,400,000	–	2.50%
Mr. Kong Kam Wang	5,625,000	–	0.76%

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>HK\$</i>	Outstanding at 1.5.2008	Granted during the period	Cancelled during the period	Outstanding at 31.1.2009
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

* 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 January 2009, none of the Directors or their associates (including the chief executive) of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required by the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 January 2009, 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 January 2009, the Company has not been notified of any other person (other than a Director of the Company) having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 January 2009, 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.

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 nine months ended 31 January 2009 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 (Executive Director and Chief Executive Officer), 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, 10 March 2009