



WLS Holdings Limited
滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

First Quarterly Report 2009/2010

* *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.

RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2009

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 ended 31 July 2009 together with the comparative unaudited figures for the corresponding period in 2008 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 July	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	3	33,899	42,327
Cost of sales		(29,262)	(35,102)
Gross profit		4,637	7,225
Other income		660	158
Increase in fair value of investment properties		1,800	–
Loss on disposal of investment property		(1,050)	–
Administrative expenses		(4,750)	(5,290)
Finance costs		(1,042)	(816)
Share of results of jointly controlled entities		–	(621)
Profit before taxation		255	656
Taxation	4	(143)	(119)
Profit for the period		112	537
Profit attributable to:			
Equity holders of the Company		149	501
Minority interest		(37)	36
		112	537
Dividend per share	5	–	–
Earnings per share			
– basic	6	HK0.02 cent	HK0.07 cent

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Convertible		Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
					Share option reserve <i>HK\$'000</i>	loan note equity reserve <i>HK\$'000</i>				
At 1 May 2008	7,353	60,935	2,222	1,546	6,836	–	27,771	106,663	(1,411)	105,252
Profit for the period	–	–	–	–	–	–	501	501	36	537
Expenses on open offer of shares	–	(335)	–	–	–	–	–	(335)	–	(335)
At 31 July 2008	<u>7,353</u>	<u>60,600</u>	<u>2,222</u>	<u>1,546</u>	<u>6,836</u>	<u>–</u>	<u>28,272</u>	<u>106,829</u>	<u>(1,375)</u>	<u>105,454</u>
At 1 May 2009	7,353	60,935	2,222	1,446	7,589	143	28,825	108,513	(1,395)	107,118
Profit for the period	–	–	–	–	–	–	149	149	(37)	112
Placing of shares	400	7,640	–	–	–	–	–	8,040	–	8,040
Expenses on placing of shares	–	(712)	–	–	–	–	–	(712)	–	(712)
At 31 July 2009	<u>7,753</u>	<u>67,863</u>	<u>2,222</u>	<u>1,446</u>	<u>7,589</u>	<u>143</u>	<u>28,974</u>	<u>115,990</u>	<u>(1,432)</u>	<u>114,558</u>

Notes:

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 2009, 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 2009.

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

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 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) Int 17	Distribution of Non-cash Assets to Owners ¹

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

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 2009 annual financial statements.

3. Turnover

	Three months ended 31 July	
	2009	2008
	HK\$'000	HK\$'000
Contract revenue in respect of construction and building works for the provision of		
– scaffolding service	20,029	29,717
– fitting out service	10,020	2,135
Management contracting service	–	5,169
Gondolas, parapet railings and access equipment installation and maintenance services	3,850	5,306
	33,899	42,327
	33,899	42,327

4. Taxation

The taxation credit (charge) comprises:

	Three months ended 31 July	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong Profits Tax – current year	(513)	(114)
Other jurisdiction – current year	370	(5)
	(143)	(119)
	(143)	(119)

Hong Kong Profits Tax is calculated at 16.5% (three months ended 31 July 2008: 16.5%) of the assessable profit for the three months ended 31 July 2009.

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

5. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31 July 2009 (three months ended 31 July 2008: Nil).

6. Earnings per share

The calculation of the basic earnings per share is based on the unaudited profit attributable to shareholders for the three months ended 31 July 2009 of HK\$149,000 (unaudited profit attributable to shareholders for the three months ended 31 July 2008: HK\$501,000) and the weighted average number of 745,342,693 ordinary shares for the period (three-month period ended 31 July 2008: 735,342,693 shares).

No diluted earnings per share has been presented for both periods because the average exercise price of the Company's outstanding share options and the conversion price of the convertible note were higher than the average market prices of the share in both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the three months ended 31 July 2009, the turnover of the Group amounted to approximately HK\$33,899,000, representing a decrease of about 20% as compared with that of the corresponding period in 2008. Net profit attributable to equity holders of the Company for the three months ended 31 July 2009 was approximately HK\$149,000, which is equivalent to a decrease of about 70% from that of the corresponding period in 2008.

During the period under review, the business operations of the scaffolding division experienced a contraction in securing new contracts due to the severe price competition from the main competitors. For the three months ended 31 July 2009, the scaffolding division was awarded 8 works contracts for the provision of scaffolding for new construction sites and for renovation works to be carried out in local shopping centers.

In respect of the operating results of the fitting out business division, a total of 2 new contracts were awarded during the period under review. They comprised of the provision of fitting out services to the construction site at STTL 539 and the provision of suspended ceilings to Site A of the residential development at Peak One, Tao Fung Shan. Concurrently, the provision of fitting out services to the clubhouse of La Grove in Lung Tin Village proceeded according to plan.

In regard to the access equipment division, the contract for the design, supply and installation of access equipment for the Stonecutters Bridge was close to completion. During the period under review, the trend of significant demand for temporary gondolas persisted. The Group's fleet of temporary gondolas attained full utilization level and our management predicted a continued boom in the rental market for temporary gondolas and would further expand the gondola fleet for hire in order to maximize our capacity to operate in this market.

In respect of the international business division, the current works contracts for the supply and installation of access equipment to Parkview Green in Beijing, China and for the Venetian (Parcel 2) in Macau proceeded according to plan. Concurrently, the Group undertook active marketing activities to secure new access equipment contracts for development projects in major cities in China.

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 in view of the current signs that the global economy is gradually recovering from the past year's recession, our management is of the opinion that the Group's business is in the right track and would improve steadily on a rebound of the economic business cycle in the ensuing reporting periods.

Financial Review

For the three months ended 31 July 2009, recognition of revenue decreased by 20% to approximately HK\$33,899,000 due to the economic downturn encountered recently during the period under review. Consequently, gross profit decreased to HK\$4,637,000 due to current rough economic climate.

Nevertheless, due to management's commitment to vigilant cost control, the Group's administrative expenses decreased as compared to that of the corresponding period in 2008. However, finance costs increased as compared to that of the corresponding period in 2008 due to apparent difficulty in raising finance during the period under review.

As a result of decrease in gross profit during the period, together with the share of loss of one subsidiary company by a minority shareholder amounting to HK\$37,000, profit attributable to shareholders decreased by 70% to HK\$149,000.

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

As at 31 July 2009, 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

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	51.82%
Ms. Lai Yuen Mei, Rebecca	105,030,000	296,750,000	51.82%
Mr. Woo Siu Lun	18,400,000	–	2.37%
Mr. Kong Kam Wang	5,625,000	–	0.73%

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 1.5.2009	Granted during the period	Outstanding at 31.7.2009
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
				28,800,000	–	28,800,000
				28,800,000	–	28,800,000

Save as disclosed above, as at 31 July 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 July 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 July 2009, the Company has not been notified of any other person (other than a Director of the Company and 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 three months ended 31 July 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 July 2009, the Company had followed 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 three months ended 31 July 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.

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.

By order of the Board

So Yu Shing

Chairman

Hong Kong, 14 September 2009

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).