



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 2011/2012

* *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 of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

RESULTS FOR THE THREE MONTHS ENDED 31 JULY 2011

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 2011 together with the comparative unaudited figures for the corresponding period in 2010 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 31 July	
		2011	2010
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	28,472	30,230
Cost of sales		(23,045)	(24,749)
Gross profit		5,427	5,481
Other income		557	414
Administrative expenses		(4,423)	(3,802)
Finance costs		(472)	(833)
Profit before taxation		1,089	1,260
Taxation	4	(181)	(242)
Profit for the period		908	1,018
Other comprehensive income, net of tax		–	–
Total comprehensive income for the period		908	1,018
Profit attributable to:			
Equity holders of the Company		1,118	1,204
Minority interest		(210)	(186)
		908	1,018
Dividend per share	5	–	–
Earnings per share			
– basic	6	HK0.10 cent	HK0.15 cent

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share	Share	Merger	Revaluation	Share	Convertible	Warrant	Retained	Total	Minority	Total
	capital	premium	reserve	reserve	option	loan note	reserve	profits/ losses)		interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 May 2010	8,191	77,047	2,222	1,505	7,674	143	120	21,510	118,412	(1,453)	116,959
Total comprehensive income for the period	-	-	-	-	-	-	-	1,204	1,204	(186)	1,018
At 31 July 2010	<u>8,191</u>	<u>77,047</u>	<u>2,222</u>	<u>1,505</u>	<u>7,674</u>	<u>143</u>	<u>120</u>	<u>22,714</u>	<u>119,616</u>	<u>(1,639)</u>	<u>117,977</u>
At 1 May 2011	9,989	98,008	2,222	1,485	8,834	-	120	(5,570)	115,088	(3,043)	112,045
Total comprehensive income for the period	-	-	-	-	-	-	-	1,118	1,118	(210)	908
Placing of shares	1,184	21,072	-	-	-	-	-	-	22,256	-	22,256
Exercise of shares options	25	295	-	-	-	-	-	-	320	-	320
At 31 July 2011	<u>11,198</u>	<u>119,375</u>	<u>2,222</u>	<u>1,485</u>	<u>8,834</u>	<u>-</u>	<u>120</u>	<u>(4,452)</u>	<u>138,782</u>	<u>(3,253)</u>	<u>135,529</u>

Notes:

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

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 2011, 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 2011.

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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 19 (2011)	Employee Benefits ¹
HKAS 27 (2011)	Separate Financial Statements ¹
HKAS 28 (2011)	Investments in Associates and Joint Ventures ¹
HKFRS 9	Financial Instruments ¹
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹

¹ Effective for annual periods beginning on or after 1 January 2013

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 2011 annual financial statements.

3. Turnover

	Three months ended 31 July	
	2011	2010
	HK\$'000	HK\$'000
Contract revenue in respect of construction and building works for the provision of		
– scaffolding service	26,286	28,387
– fitting out service	393	1,908
Management contracting service	19	(2,555)
Gondolas, parapet railings and access equipment installation and maintenance services	1,774	2,490
	<u>28,472</u>	<u>30,230</u>

4. Taxation

The taxation credit/(charge) comprises:

	Three months ended 31 July	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong Profits Tax – current year	(284)	(432)
Other jurisdiction – current year	103	190
	<u>(181)</u>	<u>(242)</u>

Hong Kong Profits Tax is calculated at 16.5% (three months ended 31 July 2010: 16.5%) of the assessable profit for the three months ended 31 July 2011.

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 2011 (three months ended 31 July 2010: 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 2011 of HK\$1,118,000 (unaudited profit attributable to shareholders for the three months ended 31 July 2010: HK\$1,204,000) and the weighted average number of 1,095,205,954 ordinary shares for the period (three-month period ended 31 July 2010: 819,142,693 shares).

No diluted earnings per share has been presented for both periods as the Company had no dilutive potential shares outstanding during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the three months ended 31 July 2011, the turnover of the Group amounted to approximately HK\$28,472,000, representing a decrease of about 6% as compared with that of the corresponding period in 2010. Net profit attributable to equity holders of the Company for the three months ended 31 July 2011 was approximately HK\$1,118,000, representing a decrease of approximately 7% as compared with that of the corresponding period in 2010.

During the period under review, the business operations of the scaffolding division experienced severe competition from competitors. Nevertheless, the scaffolding division benefited from increased construction activities brought about by the persistent rise in price of residential units, a sustained increase in commercial rent and the development in infrastructure initiated by the government. During the three months ended 31 July 2011, the scaffolding division was awarded 5 new works contracts for the provision of scaffolding services. As for the other contracts on hand, the most notable ones are the provision of metal scaffolding to the Cathay Pacific Cargo Terminal at Hong Kong International Airport and the provision of metal-bamboo system scaffolding to Ha Ko Po Tsuen in Kam Tin, Yuen Long. Such scaffolding projects all proceeded according to plan.

In respect of the operating results of the fitting out business division, a contract for the supply and installation of suspended ceilings to the residential development at Area 56, Tseung Kwan O Lot 72 was secured during the period under review.

In regard to the access equipment division, the Group's fleet of temporary gondolas attained a satisfactory rate of utilisation. The management of the Group predicted the continued boom in the rental market for temporary gondolas would further boost the operating results of the access equipment division. Concurrently, the supply and installation of building maintenance units to Parcel 5 and 6 of the Venetian in Macau proceeded according to schedule.

In respect of the international business division, the current works contracts for the supply and installation of access equipment to Parkview Green Plaza in Beijing was close to completion. Considerable goodwill was obtained by the Group upon the satisfactory completion of this overseas project.

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 bullish property market and increased number infrastructure and real estate development projects in Hong Kong, the management of the Group is of the opinion that the Group's business is in the right track and would improve steadily in the ensuing reporting periods.

Financial Review

For the three months ended 31 July 2011, total revenue of the Group decreased by about 6% to approximately HK\$28,472,000 due to intense competition encountered by the Group and the gradual completion of large-scale projects during the period under review. For the same reason, gross profit decreased by about 1% to approximately HK\$5,427,000.

Due to management's on-going the plan for business diversification, the Group's administrative expenses increased as compared to that of the corresponding period in 2010. However, finance costs decreased as compared to that of the corresponding period in 2010 due to lower total borrowing during the period under review.

As a result of the decrease in gross profit during the period, together with the share of net loss of one subsidiary company by a minority shareholder amounting to approximately HK\$210,000, profit attributable to shareholders of the Company decreased as compared to that of the corresponding period in 2010.

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

As at 31 July 2011, 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		
Dr. So Yu Shing	307,440,000	115,720,000		37.79%
Ms. Lai Yuen Mei, Rebecca	115,720,000	307,440,000		37.79%
Mr. Woo Siu Lun	20,290,000	–		1.81%
Mr. Kong Kam Wang	7,145,000	–		0.64%
Mr. So Wang Bon, Edward	5,849,901	–		0.52%

Ms. Lai Yuen Mei, Rebecca is the spouse of Dr. So Yu Shing.

Mr. So Wang Bon, Edward is the son of Dr. So Yu Shing and Ms. Lai Yuen Mei, Rebecca.

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 HK\$	Outstanding at 1.5.2011	Granted during the period	Exercised during the period	Outstanding at 31.07.2011
Dr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
Ms. Lai Yuen Mei, Rebecca	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
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. So Wang Bon, Edward	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
				27,200,000	–	–	27,200,000
				27,200,000	–	–	27,200,000

Save as disclosed above, as at 31 July 2011, 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 2011, 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
Dr. So Yu Shing	307,440,000
Ms. Lai Yuen Mei, Rebecca	115,720,000
China Mineral United Holdings Limited (<i>Note</i>)	83,210,000

Note: China Mineral United Holdings Limited, a company incorporated in the British Virgin Islands, is 100% beneficially owned by Zheng Zhi. As such, Zheng Zhi is also deemed to be a substantial shareholder of the Company.

Save as disclosed above, as at 31 July 2011, 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 2011, 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 2011, 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 2011 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, 9 September 2011

As at the date of this report, the Board comprises Dr. So Yu Shing (Chairman and Executive Director), Mr. Kong Kam Wang (Executive Director and Chief Executive Officer), Ms. Lai Yuen Mei Rebecca (Executive Director), Mr. Woo Siu Lun (Executive Director), Mr. So Wang Bon, Edward (Executive Director), Mr. Yu Yeung Hoi, Stephen (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).