



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Interim 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.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2011

	<i>Notes</i>	For the three months ended 31 October		For the six months ended 31 October	
		2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Turnover	3	28,480	24,774	56,952	55,004
Cost of sales		(23,443)	(18,555)	(46,488)	(43,304)
Gross profit		5,037	6,219	10,464	11,700
Other income		241	297	798	711
Administrative expenses		(3,313)	(4,352)	(7,736)	(8,154)
Finance costs		(484)	(813)	(956)	(1,646)
Profit before taxation		1,481	1,351	2,570	2,611
Taxation	6	(250)	(328)	(431)	(570)
Profit for the period		1,231	1,023	2,139	2,041
Other comprehensive loss, net of tax					
Expenses on placing of shares		–	(165)	–	(165)
Total comprehensive income for the period		1,231	858	2,139	1,876
Attributable to:					
Equity holders of the Company		1,549	256	2,667	1,460
Minority interests		(318)	602	(528)	416
		1,231	858	2,139	1,876
Dividend	7	–	–	–	–
Earnings per share					
– basic	8	HK0.14 cent	HK0.03 cent	HK0.24 cent	HK0.17 cent

CONSOLIDATED BALANCE SHEET

		At 31 October 2011 (Unaudited) HK\$'000	At 30 April 2011 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties		22,490	22,490
Property, plant and equipment	9	29,019	28,606
Goodwill		3,138	3,138
		54,647	54,234
Current assets			
Inventories		1,386	1,488
Trade and other receivables	10	72,298	68,292
Amounts due from customers for contract work		60,440	49,212
Retention money receivables		6,589	5,597
Tax recoverable		–	94
Prepayments, deposits and other current assets		2,460	2,449
Amount due from an associate		1,196	1,185
Amount due from jointly controlled entities		5,314	5,220
Pledged bank deposit		680	680
Bank balances and cash		9,483	1,419
		159,846	135,636
Current liabilities			
Trade and other payables	11	13,407	14,733
Amounts due to customers for contract work		2,604	71
Retention money payables		4,076	3,453
Tax payable		386	–
Amount due to an associate		47	48
Other loans – unsecured		5,363	5,904
Obligations under finance leases		306	296
Bank borrowings	12	37,651	39,447
Bank overdrafts	12	11,152	11,338
		74,992	75,290
Net current assets		84,854	60,346
Total assets less current liabilities		139,501	114,580

		At 31 October 2011 (Unaudited) <i>HK\$'000</i>	At 30 April 2011 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Obligations under finance leases		776	569
Deferred tax		1,966	1,966
		<hr/> 2,742	<hr/> 2,535
		<hr/> 136,759	<hr/> 112,045
		<hr/> 136,759	<hr/> 112,045
Capital and reserves			
Share capital	13	11,198	9,989
Reserves		129,132	105,099
		<hr/> 140,330	<hr/> 115,088
Equity attributable to equity holders of the Company		(3,571)	(3,043)
Minority interest		<hr/> 136,759	<hr/> 112,045
		<hr/> 136,759	<hr/> 112,045

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2011

	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Revaluation reserve	Share option reserve	Convertible loan note equity reserve	Warrant reserve	Retained profits/ (Accumulated losses)	Total	Minority interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 May 2010 (audited)	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	-	(165)	-	-	-	-	-	1,625	1,460	416	1,876
Placing of shares	900	9,090	-	-	-	-	-	-	9,990	-	9,990
At 31 October 2010 (unaudited)	<u>9,091</u>	<u>85,972</u>	<u>2,222</u>	<u>1,505</u>	<u>7,674</u>	<u>143</u>	<u>120</u>	<u>23,135</u>	<u>129,862</u>	<u>(1,037)</u>	<u>128,825</u>
At 1 May 2011 (audited)	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	-	-	-	-	-	-	-	2,667	2,667	(528)	2,139
Placing of shares	1,184	21,071	-	-	-	-	-	-	22,255	-	22,255
Exercise of share options	25	295	-	-	-	-	-	-	320	-	320
At 31 October 2011 (unaudited)	<u>11,198</u>	<u>119,374</u>	<u>2,222</u>	<u>1,485</u>	<u>8,834</u>	<u>-</u>	<u>120</u>	<u>(2,903)</u>	<u>140,330</u>	<u>(3,571)</u>	<u>136,759</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 dates.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2011

	Six months ended 31 October 2011 (Unaudited) HK\$'000	Six months ended 31 October 2010 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(8,855)	556
Net cash used in investing activities	(1,979)	(647)
Net cash generated from financing activities		
New bank loan raised	20,492	18,053
Repayment of borrowings	(22,288)	(17,355)
Net (decrease)/increase in bank overdrafts	(186)	458
Net proceeds from placing of shares	22,255	9,825
Receipt of warrant issue price	–	120
Proceeds from exercise of share options	320	–
Repayment of convertible loan note	–	(10,200)
Other financing activities	(1,695)	368
	18,898	1,269
Increase in cash and cash equivalents	8,064	1,178
Cash and cash equivalents at 1 May	1,419	435
Cash and cash equivalents at 31 October	9,483	1,613

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 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
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine 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

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	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building works for the provision of				
– scaffolding service	25,194	20,329	51,480	48,716
– fitting out service	1,111	2,197	1,504	4,105
Management contracting service	1	(597)	20	(3,152)
Gondolas, access equipment, parapet railings installation and maintenance services	2,174	2,845	3,948	5,335
	28,480	24,774	56,952	55,004

4. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions. For the six months ended 31 October 2011, the Group has 3 reportable segments – (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. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group's segment information for the six months ended 31 October 2011 is presented below:

	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 2011 (unaudited)				
REVENUE				
Total external sales	52,984	20	3,948	56,952
SEGMENT RESULTS				
Gross profit/(loss)	11,373	(344)	(565)	10,464
Allocation of corporate expenses	(4,899)	(25)	(894)	(5,818)
	6,474	(369)	(1,459)	4,646
Other income				755
Unallocated corporate expenses				(2,831)
Profit before taxation				2,570
Taxation				(431)
Profit for the period				2,139

For the six months ended 31 October 2010, the Group has 3 reportable segments – (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. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group’s segment information for the six months ended 31 October 2010 is presented below:

	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 2010				
(unaudited)				
REVENUE				
Total external sales	52,821	(3,152)	5,335	55,004
SEGMENT RESULTS				
Gross profit/(loss)	15,009	(5,196)	1,887	11,700
Allocation of corporate expenses	(5,996)	(50)	(650)	(6,696)
	9,013	(5,246)	1,237	5,004
Other income				592
Unallocated corporate expenses				(2,279)
Finance costs				(706)
Profit before taxation				2,611
Taxation				(570)
Profit for the period				2,041

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	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Depreciation of property, plant and equipment	333	742	614	1,504

6. Taxation

The taxation (charge)/credit comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Hong Kong profits tax				
– current period	(264)	(609)	(548)	(1,041)
Other jurisdiction				
– current period	14	281	117	471
	(250)	(328)	(431)	(570)

Hong Kong Profits Tax was provided at the rate of 16.5% and 16.5% for the six months ended 31 October 2011 and 31 October 2010 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.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2011 (six months ended 31 October 2010: 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 2011 amounting to HK\$1,549,000 and HK\$2,667,000 respectively (unaudited net profit attributable to equity holders of the Group for the three months and six months ended 31 October 2010 amounting to HK\$256,000 and HK\$1,460,000 respectively) and the weighted average number of 1,119,762,693 ordinary shares and 1,107,484,323 ordinary shares for the respective periods (three months and six months ended 31 October 2010: 853,381,823 shares and 836,262,258 shares respectively).

No diluted earnings per share for the six months ended 31 October 2011 and for the prior periods had been presented as the Company had no dilutive potential shares during the periods.

9. Addition to property, plant and equipment

During the six months ended 31 October 2011, the Group incurred approximately HK\$2,415,000 (six months ended 31 October 2010: HK\$1,673,000) on acquisition of property, plant and equipment.

10. Trade and other 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 2011 (Unaudited) HK\$'000	At 30 April 2011 (Audited) HK\$'000
0 to 90 days	20,403	21,040
91 to 180 days	2,417	4,333
181 to 365 days	12,126	555
Above 1 year	37,352	42,364
	<hr/> 72,298 <hr/> <hr/>	<hr/> 68,292 <hr/> <hr/>

11. Trade and other payables

Included in trade and other payables are trade payables of HK\$8,457,000 (as at 30 April 2011: HK\$10,876,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2011 (Unaudited) HK\$'000	At 30 April 2011 (Audited) HK\$'000
0 to 90 days	3,466	7,848
91 to 180 days	2,696	1,556
181 to 365 days	2,290	1,356
Above 1 year	5	116
	<u>8,457</u>	<u>10,876</u>

12. Bank borrowings and overdrafts

	At 31 October 2011 (Unaudited) HK\$'000	At 30 April 2011 (Audited) HK\$'000
Bank borrowings and overdrafts analysed as:		
Secured	36,201	47,945
Unsecured	12,602	2,840
	<u>48,803</u>	<u>50,785</u>
The borrowings and overdrafts are repayable as follows:		
On demand or within one year	48,803	50,785
More than one year, but not exceeding two years	—	—
More than two years, but not exceeding five years	—	—
After five years	—	—
	<u>48,803</u>	<u>50,785</u>
Less: Amount due within one year shown under current liabilities	<u>(48,803)</u>	<u>(50,785)</u>
Amount due after one year	<u>—</u>	<u>—</u>

13. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 30 April 2011	998,882,693	9,989
Placing of shares	118,380,000	1,184
Exercise of share options	2,500,000	25
At 31 October 2011	1,119,762,693	11,198

14. Contingent liabilities

At 31 October 2011, the Group provided counter indemnities amounting to HK\$680,000 (30 April 2011: HK\$920,400) to banks for surety bonds issued by the bank in respect of construction contracts.

15. Capital commitments

	At 31 October 2011 (Unaudited) HK\$'000	At 30 April 2011 (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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Transactions with a jointly controlled entity		
Interest income	<u>5</u>	<u>6</u>

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

Compensation of key management personnel

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

	For the six months ended 31 October	
	2011 (Unaudited) HK\$'000	2010 (Audited) HK\$'000
Short term benefits	2,958	2,302
Post-employment benefits	<u>36</u>	<u>24</u>
	<u>2,994</u>	<u>2,326</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.

17. Disposal of leasehold land and building

On 15 October 2011, an indirect wholly owned subsidiary of the Company entered into two provisional sale and purchase agreements in relation to the disposal of leasehold land and building with net book value of approximately HK\$6,046,000 as at 31 October 2011 for an aggregate consideration of HK\$21,000,000. Completion of the disposal is expected to take place on or before 29 February 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the six months ended 31 October 2011, the turnover of the Group amounted to approximately HK\$56,952,000, representing an increase of about 4% as compared with that of the corresponding period in 2010. Net profit attributable to equity holders of the Company for the six months ended 31 October 2011 was approximately HK\$2,667,000, representing an increase of approximately 83% 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 six months ended 31 October 2011, the scaffolding division was awarded 10 new works contracts for the provision of scaffolding services amongst which the most significant project was the provision of metal-bamboo matrix system scaffolding to the construction site at West Rail Tuen Mun Station Development (Phase 2). 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 matrix 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 utilization. The management of the Group envisaged to embark on an expansion of the fleet of temporary gondolas to profit from the continued boom in the rental market for temporary gondolas. As a result, it was predicted that the current buoyant market demand 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 its 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 of infrastructure and real estate development projects in Hong Kong, our management 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 3 months and 6 months ended 31 October 2011, revenue increased by 15% and 4% 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 maintain the financial stability of the Group in anticipation of future growth.

Notwithstanding our business consolidation but under our commitment to vigilant cost control, administrative expenses decreased during the period under review. In addition, recent fund raising activities had lowered the need of bank borrowing and finance costs decreased accordingly.

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 placing of new shares.

As at 31 October 2011, the Group's consolidated shareholders' funds and net current assets were about HK\$140,330,000 (as at 30 April 2011: HK\$115,088,000) and HK\$84,854,000 (as at 30 April 2011: HK\$60,346,000) respectively. As at 31 October 2011, the Group's consolidated bank borrowings amounted to approximately HK\$48,803,000 (as at 30 April 2011: HK\$50,785,000).

As at 31 October 2011, the Group's bank and cash balances amounted to about HK\$9,483,000 (as at 30 April 2011: HK\$1,419,000).

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 2011, the Group's gearing ratio (basis: bank overdrafts, total bank borrowings and obligations under finance leases divided by total assets) was about 23.3% (as at 30 April 2011: 27.2%).

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

Operating segments

The Group is currently organised into three reportable segments: (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.

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 2011 (Unaudited) <i>HK\$'000</i>	At 30 April 2011 (Audited) <i>HK\$'000</i>
Investment property	22,490	22,490
Leasehold land and building	14,795	15,003
Bank deposit	680	680

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 142 at 31 October 2011 (as at 30 April 2011: 118). 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 2011, 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	
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.

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 31.10.2011
Dr. So Yu Shing	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
Ms. Lai Yuen Mei, Rebecca	8 October 2007	15 April 2008 to 14 April 2014	0.60	2,800,000	–	–	2,800,000
	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
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
	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
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
	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
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
	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
Mr. Yu Yeung Hoi, Stephen	17 October 2011	1 November 2011 to 31 October 2012	0.091	–	2,000,000	–	2,000,000
				27,200,000	12,000,000	–	39,200,000

Save as disclosed above, as at 31 October 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 October 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 1</i>)	35,080,000
Ms. Zhang Hailan (<i>Note 2</i>)	48,130,000

Note:

1. China Mineral United Holdings Limited, a company incorporated in the British Virgin Islands, is 100% beneficially owned by Mr. Zheng Zhi. As such, Mr. Zheng Zhi is also deemed to be the beneficial owner of 35,080,000 ordinary shares of the Company. Together with the 48,130,000 ordinary shares of the Company held by Ms. Zhang Hailan, the spouse of Mr. Zheng Zhi, Mr. Zheng Zhi is deemed to have interest in a total of 83,210,000 ordinary shares of the Company and hence a substantial shareholder of the Company.
2. 48,130,000 ordinary shares of the Company are held by Ms. Zhang Hailan. Together with the 35,080,000 ordinary shares of the Company held by Mr. Zheng Zhi, the spouse of Ms. Zhang Hailan, via China Mineral United Holdings Limited, Ms. Zhang Hailan is deemed to have interests in a total of 83,210,000 ordinary shares of the Company and hence a substantial shareholder of the Company.

Save as disclosed above, as at 31 October 2011, 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 2011, 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 2011 annual report of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2011, 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 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.

As at the date of this report, the Board comprises Dr. 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. 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).

By order of the Board
So Yu Shing
Chairman

Hong Kong, 12 December 2011