



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8021)

Interim Report 2012/2013

* *For identification purpose only*

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The Board of Directors (the “Board”) of WLS Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together the “Group”) for the three months and the six months ended 31 October 2012 together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 October 2012

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Turnover	3	36,327	28,480	68,692	56,952
Cost of sales		(28,984)	(23,443)	(56,672)	(46,488)
Gross profit		7,343	5,037	12,020	10,464
Other income		271	241	957	798
Increase in fair value of investment properties		3,300	–	3,300	–
Operating expenses		(7,506)	(3,313)	(11,226)	(7,736)
Finance costs		(374)	(484)	(718)	(956)
Profit before taxation		3,034	1,481	4,333	2,570
Taxation	6	(1,245)	(250)	(1,490)	(431)
Profit for the period		1,789	1,231	2,843	2,139
Other comprehensive loss, net of tax		–	–	–	–
Total comprehensive income for the period		1,789	1,231	2,843	2,139
Profit and total comprehensive income attributable to:					
Equity holders of the Company		1,865	1,549	2,977	2,667
Non-controlling interests		(76)	(318)	(134)	(528)
		1,789	1,231	2,843	2,139
Dividend	7	–	–	–	–
Earnings per share					
– basic	8	HK0.17 cent	HK0.14 cent	HK0.27 cent	HK0.24 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 October 2012	At 30 April 2012 (Audited and restated, see Note 2)
	<i>Notes</i>	(Unaudited) <i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		32,640	29,340
Property, plant and equipment	9	26,592	25,285
Goodwill		3,138	3,138
		<hr/>	<hr/>
		62,370	57,763
Current assets			
Amount due from an associate		1,208	1,196
Amounts due from jointly controlled entities		5,606	5,481
Amounts due from customers for contract work		57,193	58,120
Inventories		553	686
Prepayments, deposits and other current assets		2,019	2,224
Trade and other receivables	10	68,374	63,824
Retention monies receivable		6,066	7,864
Current tax recoverable		62	13
Pledged bank deposit		680	680
Bank balances and cash		7,753	7,199
		<hr/>	<hr/>
		149,514	147,287
Current liabilities			
Amount due to an associate		36	46
Amounts due to customers for contract work		4,230	1,889
Trade and other payables	11	11,541	12,900
Retention monies payable		3,888	3,645
Current tax payable		2,273	822
Obligations under finance leases – current portion	15	581	281
Other loans – unsecured		4,884	5,461
Bank loans	12	29,511	28,311
Bank overdrafts	12	6,980	7,500
		<hr/>	<hr/>
		63,924	60,855
Net current assets		<hr/> 85,590	<hr/> 86,432
Total assets less current liabilities		<hr/> 147,960	<hr/> 144,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 October 2012	At 30 April 2012
		(Unaudited)	(Audited and restated, see Note 2)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Obligations under finance leases – non-current portion	15	1,342	635
Deferred tax liabilities		1,798	1,783
		<u>3,140</u>	<u>2,418</u>
		<u>144,820</u>	<u>141,777</u>
Capital and reserves			
Share capital	13	11,198	11,198
Reserves		139,756	136,579
		<u>150,954</u>	<u>147,777</u>
Equity attributable to equity holders of the Company		150,954	147,777
Non-controlling interests		(6,134)	(6,000)
		<u>144,820</u>	<u>141,777</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2012

	Attributable to equity holders of the Company								Total
	Share capital	Share premium	Merger reserve	Share option reserve	Warrant reserve	Retained profits/ losses	Total	Non-controlling interests	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1 May 2011									
(As previously reported)	9,989	98,008	2,222	8,834	120	(2,642)	116,531	(3,043)	113,488
Change in accounting policy									
– Adoption of HKAS 12 amendment (See Note 2)	–	–	–	–	–	1,436	1,436	–	1,436
At 1 May 2011 (Restated)	9,989	98,008	2,222	8,834	120	(1,206)	117,967	(3,043)	114,924
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>8,834</u>	<u>120</u>	<u>1,461</u>	<u>143,209</u>	<u>(3,571)</u>	<u>139,638</u>
At 1 May 2012									
(As previously reported)	11,198	119,374	2,222	7,668	–	4,113	144,575	(6,000)	138,575
Change in accounting policy									
– Adoption of HKAS 12 amendment (See Note 2)	–	–	–	–	–	3,202	3,202	–	3,202
At 1 May 2012 (Restated)	11,198	119,374	2,222	7,668	–	7,315	144,777	(6,000)	141,777
Total comprehensive income for the period	–	–	–	–	–	2,977	2,977	(134)	2,843
Issue of warrants	–	–	–	–	200	–	200	–	200
At 31 October 2012 (Unaudited)	<u>11,198</u>	<u>119,374</u>	<u>2,222</u>	<u>7,668</u>	<u>200</u>	<u>10,292</u>	<u>150,954</u>	<u>(6,134)</u>	<u>144,820</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 2012

	Six months ended 31 October 2012 (Unaudited) HK\$'000	Six months ended 31 October 2011 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	3,331	(8,855)
Net cash used in investing activities	(2,130)	(1,979)
Net cash (used in)/generated from financing activities		
New bank loan raised	20,445	20,492
Repayment of bank loans	(19,244)	(22,288)
Net proceeds on placing of shares	–	22,255
Receipt of warrant issue price	200	–
Proceeds from exercise of share options	–	320
Other financing activities	(1,528)	(1,695)
	<u>(127)</u>	<u>19,084</u>
Increase in cash and cash equivalents	1,074	8,250
Cash and cash equivalents at 1 May	(301)	(9,919)
Cash and cash equivalents at 31 October	<u>773</u>	<u>(1,669)</u>
Analysis of cash and cash equivalents at end of the period		
Bank balances and cash	7,753	9,483
Bank overdrafts	(6,980)	(11,152)
	<u>773</u>	<u>(1,669)</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The unaudited condensed consolidated financial information 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 consolidated financial information has been prepared under 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 consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 April 2012, except as described below.

The Group has adopted and applied, for the first time, the following new standards or interpretations issued by HKICPA that have been issued and effective for the financial year beginning 1 May 2012:

HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosures: Transfers of Financial Assets

Except for the impacts of the new and revised HKFRSs described below, the application of the other new and revised HKFRSs had no effect on the condensed consolidated financial information for the current or prior accounting periods.

Amendment to HKAS 12 “Income Taxes” – Deferred Tax: Recovery of Underlying Assets

The Group has applied the amendment to HKAS 12 entitled “Deferred Tax: Recovery of Underlying Assets”. Under the amendment, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purpose of measuring deferred taxes unless the presumption is rebutted.

In December 2010, the HKICPA amended HKAS 12, “Income Taxes”, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

2. Principal accounting policies (Continued)

The Group has adopted this amendment retrospectively for the financial period ended 31 October 2012 and the effects of adoption are disclosed as follows:

The Group has investment properties measured at their fair values totalling HK\$29,340,000 as of 1 May 2012. As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures have been restated to reflect the change in accounting policy, as summarised below:

Effect on condensed consolidated statement of financial position

	31 October 2012	30 April 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in deferred tax liabilities	–	3,202
Increase in retained earnings	–	3,202
	<u> </u>	<u> </u>

Effect on condensed consolidated statement of comprehensive income

	Six months ended 31 October	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in taxation	–	–
Increase in profit attributable to equity holders of the Company	–	–
Increase in basic earnings per share (“EPS”)	–	–
	<u> </u>	<u> </u>

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 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 32 Amendment	Presentation-Offsetting Financial Assets and Financial Liabilities
HKFRS 1 Amendment	Government Loans
HKFRS 7 Amendment	Disclosures-Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

2. Principal accounting policies (Continued)

The preparation of condensed consolidated financial information 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 consolidated financial information. These condensed consolidated financial information should be read in conjunction with the 2012 annual consolidated financial statements.

3. Turnover

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

	For the three months ended 31 October		For the six months ended 31 October	
	2012 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2012 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>
Turnover				
Contract revenue in respect of construction and building work for the provision of				
– scaffolding services	34,611	25,194	65,426	51,480
– fitting out services	480	1,111	1,191	1,504
Management contracting services	–	1	–	20
Gondolas, access equipment and parapet railings installation and maintenance services	1,236	2,174	2,075	3,948
	<u>36,327</u>	<u>28,480</u>	<u>68,692</u>	<u>56,952</u>

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 2012, the Group had 3 reportable segments – (i) scaffolding and fitting out services for the construction and building work, (ii) management contracting services for the construction and building work, and (iii) gondolas, access equipment and parapet railings 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 2012 is presented below:

	Scaffolding and fitting out services for the construction & building work <i>HK\$ '000</i>	Management contracting services for the construction and building work <i>HK\$ '000</i>	Gondolas, access equipment and parapet railings installation and maintenance services <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
For the six months ended 31 October 2012				
(unaudited)				
REVENUE				
Total external sales	66,617	–	2,075	68,692
SEGMENT RESULTS				
Gross profit/(loss)	12,464	(289)	(155)	12,020
Other income	77	–	10	87
Operating expenses	(4,647)	(3,537)	(840)	(9,024)
	7,894	(3,826)	(985)	3,083
Unallocated other income				870
Increase in fair value of investment properties				3,300
Unallocated operating expenses				(2,920)
Profit before taxation				4,333
Taxation				(1,490)
Profit for the period				2,843

4. Operating segments (Continued)

For the six months ended 31 October 2011, the Group had 3 reportable segments – (i) scaffolding and fitting out services for the construction and building works, (ii) management contracting services for the construction and building works, and (iii) gondolas, access equipment and parapet railings 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 services for the construction & building work <i>HK\$ '000</i>	Management contracting services for the construction and building work <i>HK\$ '000</i>	Gondolas, access equipment and parapet railings 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
Other income	43	–	–	43
Operating expenses	(4,942)	(25)	(894)	(5,861)
	6,474	(369)	(1,459)	4,646
Unallocated other income				755
Unallocated operating expenses				(2,831)
Profit before taxation				2,570
Taxation				(431)
Profit for the period				2,139

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	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Depreciation of property, plant and equipment	305	333	580	614

6. Taxation

Taxation comprises:

	For the three months ended 31 October		For the six months ended 31 October	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax – current period	(1,048)	(264)	(1,475)	(548)
Other jurisdiction – current period	(182)	14	–	117
	<u>(1,230)</u>	<u>(250)</u>	<u>(1,475)</u>	<u>(431)</u>
Deferred tax – current period	(15)	–	(15)	–
	<u>(1,245)</u>	<u>(250)</u>	<u>(1,490)</u>	<u>(431)</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for the six months ended 31 October 2012 (six months ended 31 October 2011: 16.5%).

No Macau Complementary Tax has been provided as the Group had no assessable profits subject to such tax for the six months ended 31 October 2012.

Deferred tax was provided at the rate of 16.5% for the six months ended 31 October 2012 on the tax effect arising from timing differences on accelerated tax depreciation which is expected to crystallise in the foreseeable future.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 October 2012 (six months ended 31 October 2011: 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 2012 amounting to HK\$1,865,000 and HK\$2,977,000 respectively (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) and the weighted average number of 1,119,762,693 ordinary shares and 1,119,762,693 ordinary shares for the respective periods (three months and six months ended 31 October 2011: 1,119,762,693 shares and 1,107,484,323 shares respectively).

No diluted earnings per share for the six months ended 31 October 2012 and for the prior periods had been presented as the Company had no dilutive potential shares during the periods.

9. Additions to property, plant and equipment

During the six months ended 31 October 2012, the Group spent approximately HK\$3,398,000 (six months ended 31 October 2011: HK\$2,415,000) on the acquisition of property, plant and equipment.

10. Trade and other receivables

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 and other receivables is as follows:

	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
0 to 90 days	30,353	24,847
91 to 180 days	6,793	1,962
181 to 365 days	727	5,353
Above 1 year	30,501	31,662
	<u>68,374</u>	<u>63,824</u>

11. Trade and other payables

Included in trade and other payables are trade payables of HK\$6,838,000 (as at 30 April 2012: HK\$8,628,000) with an aged analysis of trade payables shown as follows:

	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
0 to 90 days	3,971	6,594
91 to 180 days	2,341	1,060
181 to 365 days	430	890
Above 1 year	96	84
	<u>6,838</u>	<u>8,628</u>

12. Bank loans and overdrafts

Bank loans and overdrafts are secured and are repayable on demand or within one year.

13. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 30 April 2012 and 31 October 2012	<u>1,119,762,693</u>	<u>11,198</u>

14. Outstanding litigation

There was litigation between one of the Group's subsidiaries, Wui Loong Scaffolding Works Company Limited ("WLSW") and Able Contractors Limited ("Able") regarding a construction project.

WLSW entered into a contract to provide scaffolding services. While WLSW had achieved approximately 50% completion for the project, payments made by Able fell behind schedule and breached an oral agreement on 27 August 2007 with regard to a 1% discount rebate. WLSW thus asked for the payment for services provided before continuing the remaining construction work. Due to the refusal of WLSW to continue with the remaining work, Able decided to engage another subcontractor and later on sued WLSW for repudiation of the contract. On the other hand, WLSW made a counterclaim for non-payment by Able.

On 13 June 2012, the High Court in Hong Kong concluded that WLSW is liable to bear additional costs incurred by Able in engaging another subcontractor to complete the remaining works plus other costs in the total amount of HK\$819,000 (after taking into account retention money and 1% discount rebate due to WLSW). However, WLSW filed an appeal with the High Court on 11 July 2012. The directors, in consultation with WLSW's lawyers, are of the opinion that there is a probable chance that WLSW will succeed in the appeal. There is no further progress after the proceeding year end date.

15. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
Within one year	703	327	581	281
In the second to fifth year inclusive	1,444	699	1,342	635
	<u>2,147</u>	<u>1,026</u>		
Less: future finance charges	(224)	(110)		
Present value of lease obligations	<u>1,923</u>	<u>916</u>	1,923	916
Less: Amount due within one year shown under current liabilities			(581)	(281)
Amount due after one year			<u>1,342</u>	<u>635</u>

16. Commitments

Operating lease commitments and arrangements

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
Within one year	164	188
In the second to fifth year inclusive	59	–
	<u>223</u>	<u>188</u>

Operating lease payments represent rentals payable for certain of its office premises and staff quarters. Leases are negotiated for an average term of three years and rentals are fixed for an average term of three years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
Within one year	502	753
In the second to fifth year inclusive	–	192
	<u>502</u>	<u>945</u>

Leases are negotiated and rentals are fixed for terms of one year.

17. Related party transactions

- (i) During the period, the Group entered into the following transactions with a related party:

	For the six months ended	
	31 October	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Transactions with a jointly controlled entity		
Interest income	<u>6</u>	<u>5</u>

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

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

	For the six months ended	
	31 October	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term benefits	3,123	2,958
Post-employment benefits	<u>44</u>	<u>36</u>
	<u>3,167</u>	<u>2,994</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the six months ended 31 October 2012, the turnover of the Group amounted to approximately HK\$68,692,000, representing an increase of approximately 21% as compared with that of the corresponding period in 2011. Net profit attributable to equity holders of the Company for the six months ended 31 October 2012 was approximately HK\$2,977,000, representing an increase of approximately 12% as compared with that of the corresponding period in 2011.

During the period under review, the business operations of 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 2012, the scaffolding division was awarded 20 new works contracts for the provision of scaffolding services. Amongst the new contracts secured, the most notable one is the provision of scaffolding services to the construction site in CDA 15, Yuen Long. As for the on-going scaffolding projects, they were all proceeding according to plan. In the second quarter of the financial year ended 30 April 2013, two significant works contracts for the supply of scaffolding services to the Science Park (Phase 3) and to the Mass Transit Railway Ocean Park Station and Wong Chuk Hang Station were secured thereby increasing the business turnover of the scaffolding division for the current financial year.

In respect of the operating results of the fitting out business division, a new works contract for the provision of acoustic lining for Century Gateway (Phase 2) in Tuen Mun was awarded during the period under review. As for the on-going project, the work progress for the supply and installation of suspended ceilings to The Wings in Tseung Kwan O proceeded according to plan.

In regard to the access equipment division, a contract for the supply and installation of building maintenance units to the University Station of the Mass Transit Railway Corporation was secured during the period under review. In addition, the Group's fleet of temporary gondolas attained a satisfactory rate of utilization. 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. Furthermore, a new line of rental business started in the field of scissor lifts which were rented to customers whose demand for the equipment was predicted to be increasing rapidly in the foreseeable future.

In respect of the international business division, during the period under review, the works contract for the design, supply and installation of building maintenance units to Parcels 5 and 6 of the Venetian in Macau proceeded according to schedule and was close to completion.

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 2012, revenue increased by approximately 28% and 21% 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 in 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.

Apart from provision for doubtful debts amounting to approximately \$3,596,000 included in operating expenses, under the Group's commitment to vigilant cost control, operating expenses and finance costs decreased during the period under review.

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 at 31 October 2012, the Group's consolidated shareholders' funds and net current assets were approximately HK\$150,954,000 (as at 30 April 2012: approximately HK\$147,777,000) and HK\$85,590,000 (as at 30 April 2012: approximately HK\$86,432,000) respectively. As at 31 October 2012, the Group's consolidated bank borrowings amounted to approximately HK\$36,491,000 (as at 30 April 2012: approximately HK\$35,811,000).

As at 31 October 2012, the Group's bank and cash balances amounted to approximately HK\$7,753,000 (as at 30 April 2012: approximately HK\$7,199,000).

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 2012, the Group's gearing ratio (basis: bank loans, bank overdrafts and obligations under finance leases divided by shareholders' funds) was approximately 25% (as at 30 April 2012: approximately 25%).

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 services for construction and building work, (ii) management contracting services for construction and building work and (iii) gondolas, access equipment and parapet railings installation and maintenance services. Details of results 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 acquisition of capital assets.

Charges on assets

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

	At 31 October 2012 (Unaudited) HK\$'000	At 30 April 2012 (Audited) HK\$'000
Investment properties	32,640	29,340
Leasehold land and buildings	7,920	8,046
Pledged 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 160 at 31 October 2012 (as at 30 April 2012: 131). 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 2012, 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	324,310,000	115,720,000	39.30%
Ms. Lai Yuen Mei, Rebecca	115,720,000	324,310,000	39.30%
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.

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

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 1.5.2012	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31.10.2012
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	-
				39,200,000	-	-	12,000,000	27,200,000

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

Save as disclosed above, as at 31 October 2012, 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 2012, 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	324,310,000
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 2012, 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 2012, 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 2012 annual report of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 October 2012, 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.

EVENTS AFTER THE REPORTING PERIOD

On 9 November 2012, the Board granted a total of 44,600,000 share options under the share option scheme adopted by the Company on 30 August 2011.

Among the share options granted, 41,800,000 share options were granted to directors or their associates, 2,000,000 share options were granted to a consultant of the Company and 800,000 share options were granted to senior management of the Company.

REVIEW OF INTERIM RESULTS REPORT

The figures in respect of the report of the Group's interim results for the six months ended 31 October 2012 have been reviewed by the Group's auditors, Moore Stephens. The review was conducted in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The work performed by Moore Stephens did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the interim results report.

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. Lam Kwok Wing, Mr. Yeung Po Chin 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 2012 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 (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) and Dr. Fung Ka Shuen (Independent Non-executive Director).

By order of the Board
So Yu Shing
Chairman

Hong Kong, 14 December 2012