



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 2013/2014

* *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 2013

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 2013 together with the comparative unaudited figures for the corresponding period in 2012 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | <i>Notes</i> | Three months ended 31 July | |
|---|--------------|-----------------------------------|-------------|
| | | 2013 | 2012 |
| | | (Unaudited) | (Unaudited) |
| | | HK\$'000 | HK\$'000 |
| Turnover | 3 | 30,074 | 32,365 |
| Cost of sales | | (24,371) | (27,688) |
| Gross profit | | 5,703 | 4,677 |
| Other income | | 244 | 686 |
| Administrative expenses | | (4,031) | (3,720) |
| Finance costs | | (523) | (344) |
| Profit before taxation | | 1,393 | 1,299 |
| Taxation | 4 | (239) | (245) |
| Profit for the period | | 1,154 | 1,054 |
| Other comprehensive income, net of tax | | – | – |
| Total comprehensive income for the period | | 1,154 | 1,054 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 1,125 | 1,112 |
| Minority interest | | 29 | (58) |
| | | 1,154 | 1,054 |
| Dividend per share | 5 | – | – |
| Earnings per share | | | |
| – basic | 6 | HK0.10 cent | HK0.10 cent |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

| | Share capital | Share premium | Merger reserve | Share option reserve | Warrant reserve | Retained profits/ (Accumulated losses) | Total | Minority interest | Total |
|--|------------------|------------------|-------------------|----------------------------|--------------------|---|----------------|----------------------|----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 May 2012 (As previously reported) | 11,198 | 119,374 | 2,222 | 7,667 | - | 4,113 | 144,574 | (6,000) | 138,574 |
| Change in accounting policy – Adoption of HKAS 12 amendment | - | - | - | - | - | 3,203 | 3,203 | - | 3,203 |
| At 1 May 2012 (Restated) | 11,198 | 119,374 | 2,222 | 7,667 | - | 7,316 | 147,777 | (6,000) | 141,777 |
| Total comprehensive income for the period | - | - | - | - | - | 1,112 | 1,112 | (58) | 1,054 |
| At 31 July 2012 (Unaudited) | <u>11,198</u> | <u>119,374</u> | <u>2,222</u> | <u>7,667</u> | <u>-</u> | <u>8,428</u> | <u>148,889</u> | <u>(6,058)</u> | <u>142,831</u> |
| At 1 May 2013 (Audited) | 11,198 | 119,374 | 2,222 | 7,174 | 200 | (5,934) | 134,234 | (6,260) | 127,974 |
| Total comprehensive income for the period | - | - | - | - | - | 1,125 | 1,125 | 29 | 1,154 |
| At 31 July 2013 (Unaudited) | <u>11,198</u> | <u>119,374</u> | <u>2,222</u> | <u>7,174</u> | <u>200</u> | <u>(4,809)</u> | <u>135,359</u> | <u>(6,231)</u> | <u>129,128</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 2013, 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 2013:

| | |
|---------------------|---|
| HKAS 19 (2011) | Employee Benefits |
| HKAS 27 (2011) | Separate Financial Statements |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures |
| 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 |

The application of new and revised HKFRSs had no effect on the condensed consolidated financial information for the current or 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.

¹ Effective for annual periods beginning on or after 1 January 2014

The preparation of consolidated financial results in conformity with Hong Kong Financial Reporting Standards issued by HKICPA requires the use of certain critical estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement, assumptions and estimates are significant to the consolidated financial results. These consolidated financial results should be read in conjunction with the 2013 annual financial statements.

3. Turnover

| | Three months ended 31 July | |
|---|-----------------------------------|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Contract revenue in respect of construction and building works for the provision of | | |
| – scaffolding service | 21,882 | 30,815 |
| – fitting out service | 4,397 | 711 |
| Management contracting service | 9 | – |
| Gondolas, parapet railings and access equipment installation and maintenance services | 3,786 | 839 |
| | 30,074 | 32,365 |

4. Taxation

The taxation credit/(charge) comprises:

| | Three months ended 31 July | |
|--------------------------------------|------------------------------------|------------------------------------|
| | 2013 | 2012 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hong Kong Profits Tax – current year | (239) | (427) |
| Other jurisdiction – current year | – | 182 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |
| | (239) | (245) |

Hong Kong Profits Tax is calculated at 16.5% (three months ended 31 July 2012: 16.5%) of the assessable profit for the three months ended 31 July 2013.

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 2013 (three months ended 31 July 2012: 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 2013 of HK\$1,125,000 (unaudited profit attributable to shareholders for the three months ended 31 July 2012: HK\$1,112,000) and the weighted average number of 1,119,762,693 ordinary shares for the period (three-month period ended 31 July 2012: 1,119,762,693 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 2013, the turnover of the Group amounted to approximately HK\$30,074,000, representing a decrease of approximately 7% as compared with that of the corresponding period in 2012. Net profit attributable to equity holders of the Company for the three months ended 31 July 2013 was approximately HK\$1,125,000, representing an increase of approximately 1% as compared with that of the corresponding period in 2012.

During the period under review, the business operations of the scaffolding division benefited from increased construction activities in Hong Kong. During the three months ended 31 July 2013, the scaffolding division was awarded 11 new works contracts for the provision of scaffolding services despite competition continued to remain intense.

In respect of the operating results of the fitting out business division, a new contract for the provision of fitting out services to the bridal room at 100th floor of International Commerce Centre 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 predicted the continued boom in the rental market for temporary gondolas would further boost the operating results of the access equipment division.

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 increased number of infrastructure and real estate development projects in Hong Kong, the 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 three months ended 31 July 2013, total revenue of the Group decreased by about 7% to approximately HK\$30,074,000. However, due to lower labour costs resulting from the introduction of the use of Pik-Lik system scaffolds during the period under review, gross profit increased by about 22% to approximately HK\$5,703,000.

Due to management's on-going plans for expansion and diversification, administrative expenses and finance costs increased slightly during the period under review as compared to those of the corresponding period in 2012. Nevertheless, the Group continued to adopt the policy of vigilant cost control across all operating units.

As a result of the increase in gross profit during the period, profit attributable to shareholders of the Company increased as compared to that of the corresponding period in 2012.

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

As at 31 July 2013, 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 | 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.

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 1.5.2013 | Granted during the period | Exercised during the period | Outstanding at 31.07.2013 |
|------------------------------|-----------------|--|---------------------------|----------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Dr. So Yu Shing | 8 October 2007 | 15 April 2008 to 14 April 2014 | 0.60 | 2,800,000 | – | – | 2,800,000 |
| | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 8,300,000 | – | – | 8,300,000 |
| Ms. Lai Yuen Mei, Rebecca | 8 October 2007 | 15 April 2008 to 14 April 2014 | 0.60 | 2,800,000 | – | – | 2,800,000 |
| | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 8,300,000 | – | – | 8,300,000 |
| 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 |
| | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 3,900,000 | – | – | 3,900,000 |
| 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 |
| | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 3,900,000 | – | – | 3,900,000 |
| 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 |
| | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 3,900,000 | – | – | 3,900,000 |
| Mr. Yu Yeung Hoi, Stephen | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 2,000,000 | – | – | 2,000,000 |
| Mr. Yeung Po Chin | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 2,000,000 | – | – | 2,000,000 |
| Mr. Lam Kwok Wing | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 2,000,000 | – | – | 2,000,000 |
| Dr. Fung Ka Shuen | 9 November 2012 | 23 November 2012 to 22 November 2014 | 0.061 | 2,000,000 | – | – | 2,000,000 |
| | | | | 63,500,000 | – | – | 63,500,000 |

Save as disclosed above, as at 31 July 2013, 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 2013, 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 July 2013, 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 three months ended 31 July 2013, 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 2013, 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 2013 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, 13 September 2013

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).