



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 2014/2015

* *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 2014

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 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 31 July	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	30,580	30,074
Cost of sales		(21,848)	(24,371)
Gross profit		8,732	5,703
Other income		282	244
Administrative expenses		(6,669)	(4,031)
Finance costs		(530)	(523)
Profit before taxation		1,815	1,393
Taxation	4	(328)	(239)
Profit for the period		1,487	1,154
Other comprehensive income, net of tax		–	–
Total comprehensive income for the period		1,487	1,154
Profit attributable to:			
Equity holders of the Company		1,528	1,125
Minority interest		(41)	29
		1,487	1,154
Dividend per share	5	–	–
Earnings per share – basic	6	HK0.10 cent	HK0.10 cent
Earnings per share – diluted	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	Accumulated losses	Total	Minority interest	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
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>
At 1 May 2014 (Audited)	13,843	143,393	2,222	1,644	200	(61,679)	99,623	(6,454)	93,169
Total comprehensive income for the period	-	-	-	-	-	1,528	1,528	(41)	1,487
Exercise of warrants	2,000	13,000	-	-	-	-	15,000	-	15,000
Grant of share options	-	-	-	1,723	-	-	1,723	-	1,723
At 31 July 2014 (Unaudited)	<u>15,843</u>	<u>156,393</u>	<u>2,222</u>	<u>3,367</u>	<u>200</u>	<u>(60,151)</u>	<u>117,874</u>	<u>(6,495)</u>	<u>111,379</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.

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 2014, except as described below.

The Group has adopted and applied, for the first time, the following new interpretation issued by HKICPA that has been issued and effective for the financial year beginning 1 May 2014:

HK (IFRIC) – Int 21 Levies

The application of new interpretation 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.

HKFRS 14	Regulatory Deferred Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

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 2014 annual financial statements.

3. Turnover

	Three months ended 31 July	
	2014	2013
	HK\$'000	HK\$'000
Contract revenue in respect of construction and building works for the provision of		
– scaffolding service	26,238	21,882
– fitting out service	40	4,397
Management contracting service	1,901	9
Gondolas, parapet railings and access equipment installation and maintenance services	2,401	3,786
	<u>30,580</u>	<u>30,074</u>

4. Taxation

The taxation charge comprises:

	Three months ended 31 July	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong Profits Tax – current year	(328)	(239)
Other jurisdiction – current year	–	–
	<u>(328)</u>	<u>(239)</u>

Hong Kong Profits Tax is calculated at 16.5% (three months ended 31 July 2013: 16.5%) of the assessable profit for the three months ended 31 July 2014.

No Macau Complementary Tax has been provided as the Group had no assessable profits subject to such tax for the three months ended 31 July 2014.

5. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31 July 2014 (three months ended 31 July 2013: 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 2014 of HK\$1,528,000 (three months ended 31 July 2013: HK\$1,125,000) and the weighted average number of 1,482,682,258 ordinary shares for the period (three months ended 31 July 2013: 1,119,762,693 shares).

No adjustment has been made to the earnings per share amount presented in respect of the share options outstanding during the period as the share options have an anti-dilutive effect on the earnings per share amount presented.

7. Event after the end of the reporting period

On 17 July 2014, the Company proposed a consolidation of every four (4) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company into one (1) ordinary share of HK\$0.04 each, subject to the passing of an ordinary resolution by the shareholders of the Company to approve the proposal at an extraordinary general meeting and the Listing Division of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the consolidated shares of HK\$0.04 each upon such share consolidation becoming effective. The ordinary resolution was passed at an extraordinary general meeting held on 20 August 2014 and such consolidation of shares has become effective on 21 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

For the three months ended 31 July 2014, the turnover of the Group amounted to approximately HK\$30,580,000, representing an increase of approximately 2% as compared with that of the corresponding period in 2013. Net profit attributable to equity holders of the Company for the three months ended 31 July 2014 was approximately HK\$1,528,000, representing an increase of approximately 36% as compared with that of the corresponding period in 2013.

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 2014, the scaffolding division was awarded two 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, the contract for the provision of fitting out services to the bridal room at 100th floor of International Commerce Centre was completed during the period under review.

In regard to the access equipment division, the contract for the supply and installation of a building maintenance unit to the Hong Kong University Station of the Mass Transit Railway Corporation (MTRC) proceeded according to plan 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.

In respect of the management contracting business division, the contract for the supply of glass reinforced concrete (GRC) panels and smoke barriers for the MTRC Express Rail Link in Shek Kong proceeded according to plan during the period under review.

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 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 2014, total revenue of the Group increased by about 2% to approximately HK\$30,580,000. Gross profit increased by about 53% to approximately HK\$8,732,000.

Administrative expenses (after deducting expenses relating to share options, legal and other professional expenses amounting to approximately HK\$1,723,000 (three months ended 31 July 2013: Nil) and HK\$704,000 (three months ended 31 July 2013: HK\$308,000) respectively) and finance costs increased during the period under review as compared to those of the corresponding period in 2013. Nevertheless, the Group continued to adopt the policy of vigilant cost control across all operating units.

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

As at 31 July 2014, 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	8,300,000	8,300,000		1.05%
Ms. Lai Yuen Mei, Rebecca	8,300,000	8,300,000		1.05%
Mr. Woo Siu Lun (resigned on 5 September 2014)	22,530,000	–		1.42%
Mr. Kong Kam Wang	11,045,000	–		0.70%
Mr. So Wang Chun, Edmond	2,000,000	–		0.13%
Mr. Lam Kwok Wing	2,000,000	–		0.13%
Mr. Yeung Po Chin	2,000,000	–		0.13%

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

Mr. So Wang Chun, Edmond 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 1.5.2014	Granted during the period	Exercised during the period	Outstanding at 31.07.2014
Dr. So Yu Shing	14 May 2014	28 May 2014 to 27 May 2016	0.078	–	5,540,000	–	5,540,000
Ms. Lai Yuen Mei, Rebecca	14 May 2014	28 May 2014 to 27 May 2016	0.078	–	5,540,000	–	5,540,000
Mr. Woo Siu Lun (resigned on 5 September 2014)	2 May 2008	9 November 2008 to 8 November 2014	0.217	1,400,000	–	–	1,400,000
	20 May 2014	4 June 2014 to 3 June 2016	0.081	–	3,000,000	–	3,000,000
Mr. Kong Kam Wang	2 May 2008	9 November 2008 to 8 November 2014	0.217	2,900,000	–	–	2,900,000
	20 May 2014	4 June 2014 to 3 June 2016	0.081	–	3,000,000	–	3,000,000
Mr. So Wang Chun, Edmond	8 November 2010	8 December 2010 to 7 December 2016	0.128	9,000,000	–	–	9,000,000
	14 May 2014	28 May 2014 to 27 May 2016	0.078	–	2,840,000	–	2,840,000
Mr. Ng Tang	14 May 2014	28 May 2014 to 27 May 2016	0.078	–	13,840,000	–	13,840,000
Dr. Fung Ka Shuen	9 November 2012	23 November 2012 to 22 November 2014	0.061	2,000,000	–	–	2,000,000
				<u>15,300,000</u>	<u>33,760,000</u>	<u>–</u>	<u>49,060,000</u>

Save as disclosed above, as at 31 July 2014, 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 2014, the persons who have interests and short positions in shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Long positions in shares

Name of substantial shareholders	Number of ordinary shares held
Mr. Tam Siu Ki	100,000,000

Save as disclosed above, as at 31 July 2014, 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 2014, 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 2014, 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 2014 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 three months ended 31 July 2014, 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.

In full compliance with rule 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive directors and at least one of them has the appropriate professional qualifications of accounting or related financial management expertise.

For the three months ended 31 July 2014, the Company has complied with Code Provision A.5.6 in the revised Corporate Governance Code and Corporate Governance Report.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board has adopted a board diversity policy with effect from 1 September 2013. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

By order of the Board
So Yu Shing
Chairman

Hong Kong, 12 September 2014

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. Yuen Chun Fai (Executive Director), Mr. So Wang Chun, Edmond (Executive Director), Mr. Ng Tang (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).