



WLS Holdings Limited

滙隆控股有限公司*

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8021)

Third Quarterly Report 2016/2017

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 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 nine months ended 31 January 2017 together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 January 2017

	Notes	Three months ended		Nine months ended	
		31 January		31 January	
		2017	2016	2017	2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	37,236	42,259	124,147	112,164
Cost of sales		<u>(33,243)</u>	<u>(38,921)</u>	<u>(91,307)</u>	<u>(100,617)</u>
Gross profit		3,993	3,338	32,840	11,547
Other income	4	831	1,078	8,438	3,605
Other (loss) and gain, net	5	(9,925)	(5,699)	(16,761)	(5,699)
Decrease in fair value of investment properties		-	(1,200)	-	(1,200)
Operating and administrative expenses		<u>(15,565)</u>	<u>(8,839)</u>	<u>(36,476)</u>	<u>(22,798)</u>
Finance costs	6	(1,509)	(471)	(3,729)	(1,644)
Share of results of associates		<u>-</u>	<u>448</u>	<u>176</u>	<u>761</u>
Loss before taxation		<u>(22,175)</u>	<u>(11,345)</u>	<u>(15,512)</u>	<u>(15,428)</u>
Taxation	7	<u>499</u>	<u>485</u>	<u>(1,240)</u>	<u>(238)</u>
Loss for the period		<u><u>(21,676)</u></u>	<u><u>(10,860)</u></u>	<u><u>(16,752)</u></u>	<u><u>(15,666)</u></u>
(Loss)/profit for the period attributable to:					
Equity holders of the Company		(20,779)	(6,930)	(17,289)	(16,156)
Non-controlling interests		<u>(897)</u>	<u>(3,930)</u>	<u>537</u>	<u>490</u>
		<u><u>(21,676)</u></u>	<u><u>(10,860)</u></u>	<u><u>(16,752)</u></u>	<u><u>(15,666)</u></u>
Dividend	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss per share					
- basic	9	<u>(HK0.163 cent)</u>	<u>(HK0.073 cent)</u>	<u>(HK0.135 cent)</u>	<u>(HK0.246 cent)</u>
- diluted	9	<u>(HK0.163 cent)</u>	<u>(HK0.073 cent)</u>	<u>(HK0.135 cent)</u>	<u>(HK0.246 cent)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the three months and nine months ended 31 January 2017

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss for the period	(21,676)	(10,860)	(16,752)	(15,666)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Add:				
Exchange difference on translation of financial statement of an associate	–	–	13	–
Fair value (loss)/gain on available-for-sale investments	(2,202)	–	32,477	–
Other comprehensive (loss)/income for the period, net of tax	(2,202)	–	32,490	–
Total comprehensive (loss)/income for the period	(23,878)	(10,860)	15,738	(15,666)
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(22,981)	(6,930)	15,201	(16,156)
Non-controlling interests	(897)	(3,930)	537	490
	(23,878)	(10,860)	15,738	(15,666)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 January 2017

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Merger reserve	Share option reserve	Exchange reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
				(Note 1)	(Note 2)						
At 1 May 2015 (Audited)	127,177	62,681	157,334	2,222	2,364	-	-	(69,868)	281,910	16,316	298,226
Total comprehensive loss for the period	-	-	-	-	-	-	-	(16,156)	(16,156)	490	(15,666)
Capital reduction	(120,818)	-	120,818	-	-	-	-	-	-	-	-
Expenses on capital reorganisation	-	-	(210)	-	-	-	-	-	(210)	-	(210)
Amounts transferred to set off against accumulated losses	-	-	(42,318)	-	-	-	-	42,318	-	-	-
Issue of bonus shares	44,512	-	(44,512)	-	-	-	-	-	-	-	-
Expenses on issue of bonus shares	-	-	(26)	-	-	-	-	-	(26)	-	(26)
Placing of shares	76,800	451,200	-	-	-	-	-	-	528,000	-	528,000
Expenses on placing shares	-	(6,451)	-	-	-	-	-	-	(6,451)	-	(6,451)
At 31 January 2016 (Unaudited)	<u>127,671</u>	<u>507,430</u>	<u>191,086</u>	<u>2,222</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>(43,706)</u>	<u>787,067</u>	<u>16,806</u>	<u>803,873</u>
At 1 May 2016 (Audited)	<u>127,670</u>	<u>507,430</u>	<u>191,087</u>	<u>2,222</u>	<u>2,364</u>	<u>(13)</u>	<u>16,352</u>	<u>(45,747)</u>	<u>801,365</u>	<u>(5,178)</u>	<u>796,187</u>
Loss for the period	-	-	-	-	-	-	-	(17,289)	(17,289)	537	(16,752)
Other comprehensive income for the period	-	-	-	-	-	13	32,477	-	32,490	-	32,490
Total comprehensive (loss)/income for the period	-	-	-	-	-	13	32,477	(17,289)	15,201	537	15,738
Share option lapsed during the period	-	-	-	-	(2,364)	-	-	2,364	-	-	-
At 31 January 2017 (unaudited)	<u>127,670</u>	<u>507,430</u>	<u>191,087</u>	<u>2,222</u>	<u>-</u>	<u>-</u>	<u>48,829</u>	<u>(60,672)</u>	<u>816,566</u>	<u>(4,641)</u>	<u>811,925</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 TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and continued in Bermuda and its shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Rooms 1001-1006, 10th Floor, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Aberdeen, Hong Kong.

The principal activities of the Group are the provision of scaffolding and fitting out services, management contracting services, and other services for construction and buildings work, money lending business, securities brokerage and margin financing, and securities investment business.

These condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. Basis of preparation of the financial statements

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

The unaudited condensed consolidated financial statements of the Company have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 April 2016 except for the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are adopted for the first time for the current period’s financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 7 Amendments	Amendments to HKAS 7 – Cash Flow Statements – Disclosure Initiative ¹
HKAS 12 Amendments	Amendments to HKAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKAS 28 (2011) and HKFRS 10 Amendments	Amendments to HKAS 28 (2011) and HKFRS 10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 2 Amendments	Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 Amendments	Amendments to HKFRS 4 – Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 Amendments	Amendments to HKFRS 15 – Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

2. Basis of preparation of the financial statements (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2017
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective for annual periods beginning on or after 1 January 2019
- ⁴ No mandatory effective date yet determined but is available for adoption

3. Turnover

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contract revenue in respect of construction and building work for the provision of				
– scaffolding services	13,339	26,125	55,449	65,078
– fitting out services	12,735	12,865	34,230	39,977
Management contracting services	–	–	–	–
Gondolas, parapet railings and access equipment, installation and maintenance services	4,228	517	9,201	2,833
Loan Interest Income	6,934	2,752	25,267	4,276
	<u>37,236</u>	<u>42,259</u>	<u>124,147</u>	<u>112,164</u>

4. Other income

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend income	–	–	7,028	–
Interest income	8	5	36	10
Rental income	124	504	517	1,512
Reversal of allowance for bad and doubtful debts	430	523	446	1,715
Sundry income	269	46	411	368
	<u>831</u>	<u>1,078</u>	<u>8,438</u>	<u>3,605</u>

5. Other (loss) and gain, net

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value (loss)/gain on financial assets at fair value through profit or loss	(10,485)	5,980	(19,933)	5,980
Gain on disposal of an associate through a disposal of a subsidiary	-	-	2,309	-
Gain on disposal of property, plant and equipment	560	-	863	-
Impairment of available-for-sale investment	-	(11,679)	-	(11,679)
	<u>(9,925)</u>	<u>(5,699)</u>	<u>(16,761)</u>	<u>(5,699)</u>

6. Finance Costs

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank loans	509	469	1,529	1,604
Interest on other loans and borrowings	969	-	2,115	27
Interest on obligations under finance leases	31	2	85	13
	<u>1,509</u>	<u>471</u>	<u>3,729</u>	<u>1,644</u>

7. Taxation

Taxation comprises:

	Three months ended		Nine months ended	
	31 January		31 January	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
- current period	1,231	-	4,529	238
- (over) provision in prior periods	-	(485)	-	-
	<u>1,231</u>	<u>(485)</u>	<u>4,529</u>	<u>238</u>
Deferred tax credit - current period	(1,730)	-	(3,289)	-
	<u>(499)</u>	<u>(485)</u>	<u>1,240</u>	<u>238</u>

Provision for Hong Kong Profits Tax has been made at the rate of 16.5% on the estimated assessable profit arising in Hong Kong during the period (nine months ended 31 January 2016: 16.5%).

No Macau Complementary Tax has been provided as the Group has no assessable profits subject to such tax during the nine months period (nine months ended 31 January 2016: Nil).

8. Dividend

The Board does not recommend the payment of any dividend for the nine months ended 31 January 2017 (nine months ended 31 January 2016: Nil).

9. Loss per share

The calculation of the basic loss per share is based on the unaudited net loss attributable to equity holders of the Company for the three months and nine months ended 31 January 2017 amounting to approximately HK\$20,779,000 and approximately HK\$17,289,000 respectively (three months and nine months ended 31 January 2016: HK\$6,930,000 and approximately HK\$16,156,000 respectively). The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share are as follows:

	Three months ended		Nine months ended	
	31 January 2017 (Unaudited)	2016 (Unaudited)	31 January 2017 (Unaudited)	2016 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating loss per share				
– basic and diluted	12,767,101,072	9,511,448,898	12,767,101,072	6,561,883,681
	HK Cent	HK Cent	HK Cent	HK Cent
Loss per share				
– Basic	(0.163)	(0.073)	(0.135)	(0.246)
– Diluted	(0.163)	(0.073)	(0.135)	(0.246)

During the nine months ended 31 January 2016, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for the period. However, during the nine months ended 31 January 2017, the Company's outstanding share options were lapsed.

The Company has no potentially dilutive ordinary shares in issue during the three months and nine months ended 31 January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the nine months ended 31 January 2017 (herein referred to as the “reporting period”), the turnover of the Group recorded an increase of approximately 11% to approximately HK\$124,147,000 up from HK\$112,164,000 during the corresponding period in 2016. Net loss attributable to equity holders of the Company for the reporting period increase slightly to approximately HK\$17,289,000 from HK\$16,165,000 against the correspondence period in 2016. The increase in the turnover of the Group was mainly due to an increase in loan interest income from the Group’s money lending operation during the reporting period. Such increase was mainly offset by the fair value loss on financial assets at fair value through profit or loss of approximately HK\$19,933,000 incurred and an increase in operating and administrative expenses by approximately HK\$13,678,000 during the reporting period. As a result of these, the net loss attributable to equity holders of the Company slightly increased for the reporting period.

Amidst a backdrop of ongoing intensive infrastructure and property construction projects in Hong Kong, demand for scaffolding services remained strong during the reporting period, which bolstered the Group’s bottom line. Thanks to the solid reputation of the Group’s service quality, we secured 13 new contracts during the reporting period under review, and 25 contracts are proceeding as planned, of which, 13 scaffolding works contracts were completed on schedule. The Group’s patented “Pik-Lik” scaffolding system has continued to provide the Company with superb benefits in terms of cost reduction and enhanced efficiency.

The Group’s fitting-out division recorded revenues amounting to HK\$34,230,000 with a satisfactory level of profit margin compared with other business sectors. Taking into account projects from both new ceiling works and original fitting-out services total of 6 new contracts were secured during the reporting period.

The Group’s revenues from the temporary gondola fleet were mainly generated from rental income, which reached HK\$9,201,000, an increase of 225% during the reporting period.

The Group’s Management Contracting Division did not generate any revenue for the nine months period. The Group is actively seeking for potential projects and is prudently optimistic about this business segment and will continue to actively approach prospective clients.

Money lending operations became the major profit driver for the Group during the period under review. Several short-term loan agreements were secured and contributed turnover of approximately HK\$25,267,000, a substantial increase of 491% compared with the same period last year.

As the Group considers securities investment as one of its major businesses in the future, it set up a securities firm, namely OX Financial Securities Limited (“OX Financial”), and has successfully become a participant of the Stock Exchange of Hong Kong and a licensed corporation under the SFO to engage in Type 1 (dealing in securities) regulated activities. OX Financial consists of a team of experienced investment professionals under the leadership of Mr. Kingston Lin, a renowned stock commentator and seasoned investor with over 20 years’ experience, The Group is confident of jumping on the bandwagon of the Shenzhen-Hong Kong Stock Connect set for the end of 2016, and achieving positive investment returns.

Business Outlook

In order to boost economic growth through infrastructural development, the Hong Kong government has been increasing its infrastructure investments over the past few years. To this end, annual government expenditures have exceeded HK\$70 billion. In terms of housing supply, the government is targeting the provision of 460,000 public and private residential units for the ten-year period 2015-16 to 2024-25 in order to help relieve the pressing need for residential accommodation. As a direct consequence there will be large numbers of public and private property construction projects set for the near future. Therefore, the Group is cautiously optimistic about overall prospects for the scaffolding sector.

To better cope with various challenges, including the risk of delays and accelerating costs due to an acute shortage of skilled construction workers, the Group will continue to promote the use of the “Pik Lik” scaffolding system and strictly adhere to cost control and efficiency enhancement measures with the aim of improving overall business results. At present, There are currently 7 construction projects utilising Pik Lik system scaffolds, and these projects are expected to be completed by April 2017.

To help diversify revenue sources for the Group and capture new business opportunities from the active money lending market in Hong Kong, the Group has made active efforts to bolster its money lending business during the period, which, in turn, successfully generated substantial revenues for the Group. Currently, the Group has targeted an aggregate amount of lending at approximately HK\$430 million with interest rates ranging from 3% to 15%. The Group has been constantly approached by potential borrowers and for this reason promising future returns are expected.

Looking forward, the Group will allocate a greater portion of capital resources on the development of OX Financial and overall securities business after it has successfully obtained the Type 1 license. The Group is confident with the experienced investment team and looks forward to generate satisfactory returns from this sector in the future.

Ultimately the Group will maintain a vigilant cost control strategy within all operating units and actively identify suitable new opportunities in the scaffolding sector as well as money lending business in order to maximise shareholder returns. We believe that our business strategy is in line with the general direction of the government’s overall strategic development plans for property construction, infrastructure investment and financial market development.

Financial Review

For the three months and nine months ended 31 January 2017, the Group’s revenue amounted to approximately HK\$37,236,000 and HK\$124,147,000 respectively. These represent a decrease of approximately 12% and an increase of approximately 11% respectively as compared with the corresponding periods in the preceding financial year. Projects in the fitting out division and money lending business contributed substantial revenue to maintain the financial stability of the Group in anticipation of future growth.

During the period under review, gross profit of the Group increased from approximately HK\$11,547,000 to approximately HK\$32,840,000 as compared with the nine months ended 31 January 2016. This resulted mainly from the profit margin generated from money lending business.

Due to ongoing business expansion and diversification, operating and administrative expenses increased from approximately HK\$22,798,000 to approximately HK\$36,476,000. Finance costs increased from approximately HK\$1,644,000 to approximately HK\$3,729,000. These were mainly due to (i) legal and professional fees amounting to approximately HK\$11,395,000 (nine months ended 31 January 2016: HK\$2,288,000), (ii) administrative expenses incurred by new securities brokerage and margin financing business amounting to approximately HK\$908,000 (nine months ended 31 January 2016: Nil), and (iii) general increase in operating costs for expansion of Group’s other businesses. Nevertheless, the Group continued to adopt its policy of vigilant cost control for the ensuing periods. Funds generated from financing activities strengthened the working capital of the Group in anticipation of further investment and diversification opportunities in the future.

Capital Structure

As at 31 January 2017, the Group had shareholders’ equity of approximately HK\$816,566,000 (30 April 2016: approximately HK\$801,365,000).

FINANCING

Fund raising activities of the Company in the 24 months immediately preceding the reporting date

Date of announcement	Fund raising activities	Intended use of net proceeds as at the date of this announcement	Actual use of the net proceeds as at the date of this announcement
12 August 2015, 13 August 2015, 18 August 2015 and 10 December 2015	Placing of 7,620,000,000 new shares pursuant to the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 18 November 2015	<p>The aggregate net proceeds of approximately HK\$520.38 million was intended to be used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$300.00 million for the development and expansion of the Group's money lending business; (ii) approximately HK\$180.00 million for the investment of the Group in the businesses of, including but not limited to, financial and securities markets, construction and ancillary services sectors; and (iii) the remaining balance of approximately HK\$40.38 million for general working capital of the Group. 	<p>The aggregate net proceeds of HK\$432.18 million have been used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$300.00 million has been utilised for financing the money lending business; (ii) approximately HK\$91.80 million for the investment of the Group which was utilised as to (a) approximately HK\$86.75 million for the investment in listed securities; (b) approximately HK\$2.00 million for the investment in non-listed securities; and (c) approximately HK\$3.05 million for the investment in the Group's new business in securities brokerage and margin financing. (iii) approximately HK\$40.38 million for general working capital of the Group which was utilised as to (a) approximately HK\$11.60 million for the purchase of raw material for the segment of scaffolding services for construction and building work; (b) approximately HK\$16.18 million for the salaries and wages for the employees of the Group; (c) approximately HK\$1.17 million for the rental and rates expenses of the Group; (d) approximately HK\$5.31 million for the legal and professional fees incurred by the Group; and (e) approximately HK\$6.12 million for other administrative expenses of the Group. <p>The remaining balance of approximately HK\$88.20 million has not been utilised and remains in the bank for intended use.</p>

Date of announcement	Fund raising activities	Intended use of net proceeds as at the date of this announcement	Actual use of the net proceeds as at the date of this announcement
21 January 2015 and 27 March 2015	Placing of 540,000,000 new shares pursuant to the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 5 March 2015	<p>The aggregate net proceeds of approximately HK\$159.76 million was intended to be used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$30.00 million for repayment of bank loans and other loans; (ii) approximately HK\$33.00 million for repayment of the convertible bonds and the payment of interest accrued thereon; (iii) approximately HK\$30.00 million for financing the development of the money lending business; (iv) approximately HK\$25.00 million for purchase of factory unit for warehouse storage purpose; (v) approximately HK\$17.00 million for expansion of design and fitting out services of the Group; and (vi) the remaining balance of approximately HK\$24.76 million for general working capital of the Group. 	<p>The aggregate net proceeds of HK\$134.76 million have been used as follows:</p> <ul style="list-style-type: none"> (i) approximately HK\$30.00 million has been utilised for repayment of bank loans and other loans; (ii) approximately HK\$31.78 million has been utilised for repayment of the convertible bonds and the payment of interest accrued thereon, and remaining balance of approximately HK\$1.22 million has been reallocated as general working capital of the Group; (iii) approximately HK\$30.00 million has been utilised for financing the money lending business; (iv) approximately HK\$17.00 million has been utilised for expansion of design and fitting out services of the Group; and (v) approximately HK\$25.98 million has been applied as general working capital of the Group, of which was utilised as to (a) approximately HK\$12.18 million for the purchase of raw material for the segment of scaffolding services for construction and building work; (b) approximately HK\$6.45 million for the salaries and wages for the employees of the Group; (c) approximately HK\$2.03 million for the legal and professional fees incurred by the Group; and (d) approximately HK\$5.32 million for other administrative expenses of the Group. <p>The remaining balance of approximately HK\$25.00 million has not been utilised and remains in the bank for intended use.</p>

Significant investments, material acquisitions and disposals

On 26 May 2016, the Company entered into a sale and purchase agreement with Red Metro Limited (“Red Metro”), pursuant to which Red Metro conditionally agreed to purchase, and the Company conditionally agree to sell, 200 shares of Estate Sun Global Limited (“Estate Sun”) (“Sale Shares”), a wholly-owned subsidiary of the Company, at a consideration of HK\$20,000,000. The Sale Shares represented 100% of issued share capital of Estate Sun at completion. Estate Sun held 20% of issued share capital of AP Assets Limited, which together with its subsidiaries, was engaged in real estate agency business especially the sale of properties in Australia, Malaysia and the United Kingdom. Such sale and purchase was completed on 1 June 2016 and a gain on disposal of a subsidiary of HK\$2,309,000 was generated during the period.

Save as disclosed above, there were no significant investments held by the Group, no other material acquisitions and disposals of subsidiaries and affiliated companies by the Group during the period under review.

Share option scheme

The share option scheme adopted by the Company on 25 November 2001 was terminated by a written resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 30 August 2011. Upon termination of this share option scheme, no further share options under this scheme could be granted, but the provisions of this share option scheme will remain in full force and effect to the extent necessary to give effect to the exercise of those share options granted prior to its termination.

Under the terms of the Share Option Scheme adopted by the Company on 30 August 2011 (the “Option Scheme”), for the primary purpose of providing incentive to directors, eligible employees and consultants, the board of directors of the Company (the “Board”) may, at its absolute discretion, offer full-time employees of the Company or any of its subsidiaries, including executive, non-executive and independent non-executive directors of the Company or any of its subsidiaries or any consultants or advisors of any member of the Group, to take up options to subscribe for shares of the Company. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not, subject to the conditions set out in the Option Scheme, exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) to a grantee in any 12-month period must not exceed 1% of the total issued share capital of the Company in issue, unless (a) a shareholder circular is despatched to the shareholders; and (b) the shareholders approve the grant of the options in excess of the limit referred to herein. A nominal consideration of HK\$1 is payable on acceptance of each grant.

The subscription price was determined by the Board, but may not be less than the highest of (a) the closing price of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheet on the date of offer of the options or, where certain conditions set out in the Option Scheme apply, on the date of the Board proposing such grant; (b) the average of the closing prices of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of offer of the options or, where certain conditions set out in the Option Scheme apply, the average of the closing prices of the Company’s shares on the GEM as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the Board proposing such grant; and (c) the nominal value of the shares.

An option may be exercised in whole or in part in accordance with the terms of the Option Scheme at any time during a period to be notified by the Board to each grantee that the period within which the option may be exercised shall not be more than 10 years from the date on which the offer of the grant of the options is made in accordance with the terms of the Option Scheme. There is no general requirement on the minimum period for which an option must be held before an option can be exercised under the terms of the Option Scheme.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's by law or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Management contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the nine months ended 31 January 2017.

Directors' interests in contracts of significance

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the nine months period or at any time during the nine months ended 31 January 2017.

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

As at 31 January 2017, 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 and underlying shares

Name of director	Personal interest	Number of ordinary shares held/ underlying shares held	
		Total interest (inclusive of deemed interest)	Percentage of the issued share capital of the Company
Dr. So Yu Shing	3,320,000	6,640,000 <i>(note a)</i>	0.05%
Ms. Lai Yuen Mei, Rebecca	3,320,000	6,640,000 <i>(note b)</i>	0.05%
Mr. Kong Kam Wang	1,778,000	–	0.01%
Mr. So Wang Chun, Edmond	800,000	–	0.01%
Mr. Ng Tang	5,536,000	–	0.04%

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.

Notes:

- (a) Inclusive of interest in 3,320,000 shares and underlying share held by Ms. Lai Yuen Mei, Rebecca.
- (b) Inclusive of interest in 3,320,000 shares and underlying share held by Dr. So Yu Shing.

Long positions in share options

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)	Original exercise price HK\$	Outstanding at 1.5.2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31.1.2017
Dr. So Yu Shing	14 May 2014	28 May 2014 to 27 May 2016	0.195	2,216,000	-	-	(2,216,000)	-
Ms. Lai Yuen Mei, Rebecca	14 May 2014	28 May 2014 to 27 May 2016	0.195	2,216,000	-	-	(2,216,000)	-
Mr. Kong Kam Wang	20 May 2014	4 June 2014 to 3 June 2016	0.2025	1,200,000	-	-	(1,200,000)	-
Mr. So Wang Chun, Edmond	8 November 2010	8 December 2010 to 7 December 2016	0.32	3,600,000	-	-	(3,600,000)	-
	14 May 2014	28 May 2014 to 27 May 2016	0.195	1,136,000	-	-	(1,136,000)	-
Mr. Yuen Chun Fai	14 May 2014	28 May 2014 to 27 May 2016	0.195	5,536,000	-	-	(5,536,000)	-
				15,904,000	-	-	(15,904,000)	-

Save as disclosed above, as at 31 January 2017, 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 January 2017, 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	Capacity/ Nature of Interest	Number of ordinary shares in the Company	Percentage of shareholding as at 31 January 2017 (Approximate)
Avant Capital Management (HK) Limited	Beneficial owner	1,868,700,000	14.64%

Save as disclosed above, as at 31 January 2017, 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 nine months ended 31 January 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the nine months period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 of the GEM Listing Rules except for the deviation as disclosed below:

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Dr. So Yu Shing, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the half year period and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 31 January 2017, 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

During the reporting period, according to the GEM Listing Rules, the following Directors have interests in the following business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group	Description of business	Nature of interests
Ng Tang	Jun Yang Financial Holdings Limited ("Jun Yang")	Asset investments and money lending business	Executive director and chief executive officer and interest in approximately 1.67% of issued share capital of Jun Yang
Yuen Chun Fai	Rui Kang Pharmaceutical Group Investments Limited	Provision of trading of securities in Hong Kong	Independent non-executive director
Chan Ngai Sang, Kenny	AMCO Units Holdings Limited	Provision of building contract works business, money lending business and securities investment business	Independent non-executive director
	Combest Holdings Limited	Provision of money lending business	Independent non-executive director
	Convoy Global Holdings Limited	Provision of money lending business and securities dealing business	Independent non-executive director
	Sing On Holdings Limited	Provision of concrete demolition services in Hong Kong and Macau	Independent non-executive director

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group	Description of business	Nature of interests
Ong Chi King	Deson Construction International Holdings Limited (“Deson”)	Principally engaged in (i) building construction works; (ii) Electrical and mechanical engineering works; and (iii) fitting out works	Executive director and interests in approximately 0.98% of issued share capital of Deson
	Capital VC Limited	Provision of investing in listed and unlisted companies	Independent non-executive director
	China Environment Resources Group Limited	Provision of trading and investment business	Independent non-executive director
	Hong Kong Education (Int’l) Investments Limited	Provision of securities investment business and money lending business	Independent non-executive director
	Wai Kei Group Holdings Limited	Principally engaged in (i) foundation works; and (ii) ground investigation field works	Independent non-executive director (resigned on 8 March 2017)
	KSL Holdings Limited	Provision of engineering consulting, contracting and project management services	Independent non-executive director (resigned on 2 June 2016)

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying its business independently of and at arm’s length from the businesses of these entities.

Save as disclosed, 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 established an audit committee of the Board (“Audit Committee”) with written terms of reference that clearly establish the Audit Committee’s authority and duties. The Audit Committee currently comprises 3 independent non-executive Directors, namely Mr. Law Man Sang, Mr. Chan Ngai Sang, Kenny and Mr. Ong Chi King.

The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-year report and quarterly reports and provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Group’s unaudited condensed consolidated third quarterly results for the nine months ended 31 January 2017 have not been audited by the Company’s auditor, but 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as at the date of this report.

OTHER INFORMATION

Disclosure of Directors' information under Rule 17.50A(1) of the GEM Listing Rules

Name of Director	Details of Changes
Mr. Chang Ngai Sang, Kenny	appointed as independent non-executive director of Sing On Holdings Limited (stock code: 8352), a company listed on the GEM of the Stock Exchange, with effect from 16 December 2016.
Mr. Ong Chi King	resigned as independent non-executive director of Wan Kei Group Holdings Limited (stock code: 1718), a company listed on the Main Board of the Stock Exchange, with effect from 8 March 2017.

On behalf of the Board
So Yu Shing
Chairman

Hong Kong, 13 March 2017

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. So Wang Chun, Edmond (Executive Director), Mr. Ng Tang (Executive Director), Mr. Yuen Chun Fai (Executive Director), Mr. Law Man Sang (Independent Non-executive Director), Mr. Chan Ngai Sang, Kenny (Independent Non-executive Director) and Mr. Ong Chi King (Independent Non-executive Director).