

**WLS HOLDINGS LTD :
BUILDING CASTLES IN THE AIR, MR SO ?**

The Total Borrowings are just a tad short of the Adjusted Net Tangible Assets of the company (which includes the results of a \$HK20-million Share Placement) – and this is the company that recently went public on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

The company, to which TARGET is referring, is WLS Holdings Ltd, now known as GEM Stock Code Number 8021.

WLS Placed 64.80 million, one-cent New Shares at a Premium of 37 cents per share, and the Chairman of the Company, Mr Francis So, took the opportunity to sell 27 million shares of his holdings in the Company on the same basis as the Company's New Share Placement.

So, Mr Francis So took his \$HK10 million to his banker, and WLS got about \$HK20 million for its hard work.

WLS describes itself in the Placing Prospectus as being '*principally engaged in providing scaffolding ... in Hong Kong ...*'. (Page One)

It appears to be doing a fair amount of work for the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), via its subcontractors.

The Company has been in business since 1982, having been established by Mr Francis So's brother and sister.

This is stated at Page 53 of the Prospectus and, as such, one has to wonder as to the reason that (a) the Company is not better established and is not earning larger profits, (b) it has taken such a length of time to convert to a publicly listed status, and (c) the Company determined to go to The GEM when, clearly, it should, logically, have qualified for the Main Board of The Stock Exchange of Hongkong Ltd.

Unless, of course, there is something that has been omitted from the Prospectus.

With regard to the past 2 Financial Years' track record, one may be tempted to come to the conclusion that the statistics are hardly indicative of a company, controlled by a dynamic management team:

	Financial Year ended April 30	
	2000	2001
	All Figures are Denominated in \$HK'000	
Turnover	125,127	158,885
Cost of Sales	(102,131)	(127,764)
Gross Profit	22,996	31,121
Other Revenue	649	524
Administrative Expenses	(10,512)	(15,341)
Other Operating Expenses	(682)	(91)
Profit from Operations	12,451	16,213
Financing Costs	(3,566)	(3,340)
Profit before Taxation	8,885	12,873
Taxation	(1,517)	(2,200)
Profit Attributable to Shareholders	7,368	10,673
Dividends	1,900	11,773

For a company that has been in business for the past 19 years, the above table does not say too much of Management's expertise.

For the Current Financial Year, ending April 30, 2002, it would appear that this Company should be able to turn in a Bottom Line of about \$HK11.18 million, plus or minus a few hundred thousand ... [CLICK TO ORDER FULL ARTICLE](#)

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