



2006
INTERIM
REPORT



WING HING INTERNATIONAL (HOLDINGS) LIMITED
永興國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 621)



* For identification purpose only

The Directors of Wing Hing International (Holdings) Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006.

RESULTS

For the six months ended 30 September 2006, the Group recorded a profit attributable to shareholders of the Company of approximately HK\$5,597,000 with profits of HK12.13 cents per share.

DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2006.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2006

	Notes	Six months ended 30 September	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) (Restated) HK\$'000
TURNOVER	3	226,978	241,502
Cost of sales		(206,210)	(229,654)
Gross profit		20,768	11,848
Other revenue		25,739	2,966
Administrative expenses		(39,490)	(16,639)
Other operating income, net		32	488
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	7,049	(1,337)
Finance costs		(500)	(134)
Share of profit of jointly-controlled entities		1,122	5,228
Share of loss of associates		(322)	(5)
Profit before tax		7,349	3,752
Tax	6	(511)	(38)
Profit for the period		6,838	3,714
Attributable to:			
Shareholders of the Company		5,597	3,674
Minority interests		1,241	40
		6,838	3,714
Dividend		–	–
Earnings per share			
Basic	4	12.13 cents	10.96 cents
Diluted	4	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2006

	Share capital and share premium (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits/ (accumulated losses) (Unaudited) HK\$'000	Minority interest (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
Balance as at 1 April 2006	71,691	21,269	38,475	5,087	136,522
Issue of new shares	18,100	-	-	-	18,100
Release of asset revaluation reserve upon disposal of property, plant and equipment	-	(582)	582	-	-
Deferred tax adjustment	-	29	-	-	29
Release of reserve upon disposal of a subsidiary	-	(78)	-	(3,387)	(3,465)
Profit for the period	-	-	5,597	1,241	6,838
Balance as at 30 September 2006	89,791	20,638	44,654	2,941	158,024
	Share capital and share premium (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits/ (accumulated losses) (Unaudited) HK\$'000	Minority interest (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
Balance as at 1 April 2005	195,155	18,064	(78,977)	4,265	138,507
Conversion of convertible note	11,944	(672)	-	-	11,272
Transfer of statutory reserves	(138,808)	-	138,808	-	-
Issue of new shares	3,400	-	-	-	3,400
Issue of warrants	-	1,000	-	-	1,000
Surplus on revaluation	-	1,864	-	-	1,864
Release of revaluation reserve upon disposal of property, plant and equipment	-	(39)	39	-	-
Profit for the period	-	-	3,674	40	3,714
Balance as at 30 September 2005, as restated	71,691	20,217	63,544	4,305	159,757

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2006

	Notes	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Investment properties	13	4,400	4,400
Prepaid land lease payments	13	684	692
Property, plant and equipment	13	20,736	23,997
Goodwill		2,308	2,308
Interests in jointly-controlled entities		35,784	37,621
Interests in associates		32,801	17,704
Available-for-sale equity instrument		1	1
Amount due from an investee entity		16,124	13,164
Contract retention receivables	7	2,554	3,963
		115,392	103,850
CURRENT ASSETS			
Accounts receivable	7	120,232	114,553
Other receivables		25,730	13,698
Pledged deposits	13	18,136	20,944
Cash and cash equivalents		12,329	18,465
		176,427	167,660
CURRENT LIABILITIES			
Accounts payable	8	97,815	100,921
Current tax liabilities		–	657
Other payables and accruals		14,488	13,808
Bank loans and overdrafts, secured	13	17,969	15,602
		130,272	130,988
NET CURRENT ASSETS		46,155	36,672
TOTAL ASSETS LESS CURRENT LIABILITIES		161,547	140,522
NON-CURRENT LIABILITIES			
Bank loans and overdrafts, secured	13	3,094	3,503
Deferred tax liabilities		429	497
		3,523	4,000
NET ASSETS		158,024	136,522
CAPITAL AND RESERVES			
Issued share capital	9	54,300	36,200
Reserves		100,783	95,235
Equity attributable to shareholders of the Company		155,083	131,435
Minority interests		2,941	5,087
TOTAL EQUITY		158,024	136,522

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2006

	Six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(10,575)	(3,991)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(12,231)	3,974
NET CASH INFLOW FROM FINANCING ACTIVITIES	16,652	4,848
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,154)	4,831
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,401	9,318
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12,247	14,149
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	12,329	17,004
Bank overdrafts	(82)	(2,855)
	12,247	14,149

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2006

1. Corporate information

The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda. The principal place of business of the Company is located at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

During the period ended 30 September 2006, the Group was principally involved in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong.

2. Principal accounting policies

The unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2006.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the "new HKFRS") issued by the HKICPA, which are effective for accounting periods beginning on or after 31 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

Following the adoption and application of various HKFRSs in the preparation of its financial statements for the year ended 31 March 2006, the Group has restated its interim results for the six months ended 30 September 2005. Accordingly, the Group's administrative expenses for the six months ended 30 September 2005 were decreased by approximately HK\$3,000 and finance costs were increased by approximately HK\$24,000. As a result, the Group's profit attributable to shareholders was decreased by approximately HK\$21,000 (restated from HK\$3,695,000 to HK\$3,674,000) and earnings per share were decreased by HK0.06 cents (restated from HK11.02 cents to HK10.96 cents). Certain comparative figures have been restated to conform with the current period's presentation.

3. Turnover

Turnover represents the aggregate of the gross value of work earned from superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works.

4. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of the Company for the six months ended 30 September 2006 of approximately HK\$5,597,000 (2005: HK\$3,674,000).

The basic earnings per share is based on the weighted average number of shares in issue during the six months ended 30 September 2006 of 46,145,055 (2005: 33,514,754 (restated)). No diluted earnings per share for the six months ended 30 September 2006 has been presented as the warrants had an anti-dilutive effect on the basic earnings per share for the period ended 30 September 2006.

5. Profit/(Loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Six months ended 30 September	
	2006 (Unaudited)	2005 (Unaudited) (Restated)
	HK\$'000	HK\$'000
Cost of services provided	206,210	229,654
Depreciation	2,504	2,786
Less: Amounts capitalized in construction contracts	(1,839)	(1,319)
	665	1,467
Minimum lease payments under operating leases:		
Leasehold land and buildings	866	859
Less: Amounts capitalized in construction contracts	(442)	(363)
	424	496
Plant and machinery	3,021	5,473
Less: Amounts capitalized in construction contracts	(3,021)	(5,473)
	-	-
	424	496
Staff costs (including directors' remuneration)		
Wages and salaries	45,401	27,602
Pension scheme contributions	1,680	805
Less: Amounts capitalized in construction contracts	(13,221)	(17,937)
	33,860	10,470

	Six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) (Restated) HK\$'000
Reversal of provision for non-recoverable amounts due from contract customers*	–	(238)
Reversal of provision for non-recoverable amounts due from an associate*	(129)	–
Surplus arising from revaluation* of an investment property	–	(300)
Loss on disposal of property, plant and equipment*	97	50
Amortization of prepaid land lease payments	8	8
Interest income	(371)	(422)

* These items are included in "Other operating income, net" on the face of the condensed consolidated profit and loss account.

6. Tax

- (a) Hong Kong profits tax was provided at the rate of 17.5% (six months ended 30 September 2005: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong. Deferred tax on deductible/taxable temporary differences reversed during the period has been charged/credited to the profit and loss account using the applicable rates of tax in Hong Kong.
- (b) The tax charge for the period is made up as follows:

	Six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Group		
Current Hong Kong profits tax		
– provision for the period	549	–
– overprovision for prior period	–	–
Deferred tax	(38)	38
	511	38

7. Accounts receivable

Included in accounts receivable are the following amounts related to construction contracts.

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognised losses to date	489,101	416,749
Less: Progress billings	(471,114)	(394,141)
Amounts due from contract customers	17,987	22,608

An aged analysis of the Group's other accounts receivable, inclusive of contract retention receivables classified as non-current assets, as at the balance sheet date and net of provisions is as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Accounts receivable		
Aged analysis by invoice date		
Current to 90 days	71,621	55,673
91 days to 180 days	58	743
181 days to 365 days	1,508	651
Over 365 days	2,909	6,071
	76,096	63,138
Contract retention receivables		
Retentions held by contract customers	28,703	32,770
Less: contract retention receivables classified as non-current assets	(2,554)	(3,963)
Retentions held by contract customers included in accounts receivable under current assets	26,149	28,807
Amounts due from contract customers	17,987	22,608
Total accounts receivable as shown under current assets	120,232	114,553

8. Accounts payable

Included in accounts payable are the following amounts related to construction contracts.

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognized losses to date	365,237	430,520
Less: Progress billings	(385,562)	(456,539)
Amounts due to contract customers	20,325	26,019

An aged analysis of the Group's other accounts payable as at the balance sheet date is as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Accounts payable		
Aged analysis by invoice date		
Current to 90 days	39,319	36,806
91 days to 180 days	4,545	5,596
181 days to 365 days	6,103	8,050
Over 365 days	27,523	24,450
	77,490	74,902
Amounts due to contract customers	20,325	26,019
Total accounts payable as shown under current liabilities	97,815	100,921

9. Share capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
At 31 March 2006	1,000,000,000	100,000
Share consolidation	(900,000,000)	–
	<hr/>	<hr/>
At 30 September 2006	100,000,000	100,000
<i>Issued and fully paid:</i>		
At 31 March 2006	362,000,000	36,200
Share consolidation	(325,800,000)	–
Issue of new shares	18,100,000	18,100
	<hr/>	<hr/>
At 30 September 2006	54,300,000	54,300

10. Contingent liabilities

As at the balance sheet date, the Group had the following contingent liabilities:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Guarantees in respect of performance bonds in favour of contract customers	<hr/> 54,122	<hr/> 22,125

Saved as disclosed above, there was no material change in the Group's contingent liabilities as compared to the most recent published annual report.

11. Segment information

The Group's operations are principally undertaken in Hong Kong. An analysis of the Group's turnover and profit from operating activities by principal activity, in respect of the Group's operations for the six months ended 30 September 2006 is as follows:

2006

	Superstructure construction works (Unaudited) HK\$'000	Foundation piling and substructure works (Unaudited) HK\$'000	Special construction projects (Unaudited) HK\$'000	Interior decoration and landscaping works (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:							
Sales to external customers	175,911	19,854	1,653	11,810	17,750	-	226,978
Intersegment sales	-	167	-	22,471	-	(22,638)	-
Other revenue	659	24,358	6	-	345	-	25,368
Intersegment revenue	-	-	-	400	7,945	(8,345)	-
Total	176,570	44,379	1,659	34,681	26,040	(30,983)	252,346
Segment results	1,324	4,337	(2,056)	3,779	(706)		6,678
Interest income							371
Profit from operating activities							7,049

2005

	Superstructure construction works (Unaudited) HK\$'000	Foundation piling and substructure works (Unaudited) HK\$'000	Special construction projects (Unaudited) HK\$'000	Interior decoration and landscaping works (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) (Restated) HK\$'000
Segment revenue:							
Sales to external customers	135,772	33,365	44,555	10,587	17,223	-	241,502
Intersegment sales	287	2,023	2,465	34,296	-	(39,071)	-
Other revenue	121	1,970	23	157	273	-	2,544
Intersegment revenue	-	-	-	-	11,942	(11,942)	-
Total	136,180	37,358	47,043	45,040	29,438	(51,013)	244,046
Segment results	4,660	5,347	(15,122)	(322)	3,678		(1,759)
Interest income							422
Loss from operating activities							(1,337)

12. Commitments

Operating lease commitments

(a) *As lessor*

At the balance sheet date, the Group had total future minimum lease receivables under non-cancelable operating leases with its tenant falling due as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within one year	<u>9</u>	<u>9</u>

(b) *As lessee*

At the balance sheet date, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within one year	<u>143</u>	<u>391</u>

Save as disclosed above, there was no material change in the Group's commitments as compared to the most recent published annual report.

13. Pledge of assets

As at 30 September 2006, the Group's assets were pledged as follows:

- (i) pledged bank deposits amounted to HK\$18,136,000;
- (ii) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying values of approximately HK\$10,263,000; and
- (iii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK\$4,400,000.

14. Subsequent events

Subsequent to the balance sheet date, Wing Hing Group (BVI) Limited, a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser") and the ultimate beneficial owner of the Purchaser pursuant to which Wing Hing Group (BVI) Limited agreed to sell and the Purchaser agreed to acquire the entire issued share capital of Anpoint Engineering Limited ("Anpoint"), an indirect wholly owned subsidiary of the Company, for a consideration of HK\$1.00.

Upon completion of the sale and purchase agreement, the Group has ceased to hold any equity interests in Anpoint. Following the disposal, Anpoint has ceased to be a subsidiary of the Company. Further details relating to the aforesaid transactions are set out in the Company's circular dated 9 November 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite the difficult market conditions, the Group has recorded a turnover of HK\$227 million which represents a 6% decrease compared with the turnover recorded in the corresponding period of last year. During the period under review, the Group recorded a net profit from ordinary activities attributable to shareholders of approximately HK\$5.6 million compared with a net profit from ordinary activities attributable to shareholders of approximately HK\$3.7 million for the corresponding period of last year.

Construction and Building

The construction and building contracts secured in the first half of the financial year include a proposed through-train school development at Shek Mun, Shatin, a renovation works contract for Windsor House at Causeway Bay, temporary entrance and Skyfair works at Ocean Park and a piling contract at No.358-364 Un Chau Street, Sham Shui Po. The aggregate value of contracts secured during the period was approximately HK\$406 million.

As regards completed projects, the Group has satisfactorily completed the piling contract for a residential development at No. 464-474 Castle Peak Road, the piling contract at No. 358-364 Un Chau Street, Sham Shui Po and two contracts for an internationally reputed theme park at Lantau.

Due to the poor performance of the subsidiary undertaking electrical and mechanical works which could not contribute profits to the Group, the Group had disposed this subsidiary recently so that the Group's resources can be better utilized on other profitable operations.

Wastewater Treatment

With the view of counter-balancing the cyclical construction incomes and leveraging on our construction expertise, the Group, through a jointly-controlled entity has undertaken a 130,000 m³/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. The second sewage treatment plant has also been commissioned and it is expected that the TOT/BOT contract will provide long-term steady incomes to the Group. The Group will capitalize on this valuable experience and expertise gained by seeking other similar projects in China should appropriate opportunities arise.

Property Development

During the period under review, the Group, through an associated company, continues to participate in the property development project at No. 111 King Lam Street, Kowloon for an office building development. Construction of the superstructure has been progressing smoothly with completion to be expected in early 2007.

The Group, through two other associated companies, has further participated in two property development projects, one at Kowloon Bay for an office building development and one at San Po Kong for a shopping complex development. Demolition of the existing building has commenced in the development at Kowloon Bay. For the shopping complex development at San Po Kong, the property has been sold to an independent third party recently and the Group has gained a reasonable return. The property disposal transaction is expected to be completed at the end of December 2006.

PROSPECTS

Looking ahead, in the medium term, it is anticipated that construction market in both the private and public sectors will steadily recover in tandem with Hong Kong's rising economic activities and consumer confidence. In the short term, as a result of the uncertainties in the interest rates trend, the construction market arising from property-development projects will continue to be sluggish. The Group will focus on the high-end and professional construction markets, in particular the leisure areas like theme parks. The Group will also continue to adopt a prudent tendering approach and to increase competitiveness by consolidation of the operations.

In China, with the experience of the wastewater treatment plant in Zhuhai, the Group will prudently explore new investment opportunities.

In Hong Kong, the Group will concentrate on a few other areas on top of the traditional construction activities. With the long and harmonious relationship established with China Harbour Engineering Company Limited in the last ten years, the Group will continue to explore more co-operation opportunities in different areas. Hypsos Leisure Asia Limited, an associated company established with two European partners, has been actively tendering for works in the leisure construction markets and it is expected that new projects in this area are forthcoming.

The Group anticipates to evolve gradually from a traditional low-value construction group to a diversified conglomerate comprising construction, property development, environmental engineering and investment, and high-value specialist construction in various areas related to leisure markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2006, the Group had total outstanding borrowings of approximately HK\$21,063,000, comprising secured interest-bearing bank borrowings repayable (i) within one year of approximately HK\$17,969,000 and (ii) repayable over one year of approximately HK\$3,094,000.

The Group's banking facilities were supported by (1) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying value of approximately HK\$10,263,000, (2) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK\$4,400,000, (3) pledged deposits of approximately HK\$18,136,000 and (4) corporate guarantees from the Company and certain subsidiaries of the Company.

The Group's gearing ratio as at 30 September 2006 was 0.07 (31 March 2006: 0.07), calculated based on the Group's total outstanding borrowings of HK\$21,063,000 (31 March 2006: HK\$19,105,000) over the Group's total assets of HK\$291,819,000 (31 March 2006: HK\$271,510,000). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship, so as to minimize risks in its business.

EMPLOYEES

As at 30 September 2006, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was approximately 500. Performance of the staff is normally reviewed on an annual basis with adjustment compatible to the market. There is no material change in the information as compared to the most recently published annual report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Since the functional currencies of the Group's operations are mainly Hong Kong dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group during the six months ended 30 September 2006 is limited.

MATERIAL ACQUISITIONS AND DISPOSALS

On 13 July 2006, the Company announced that W. Hing Construction Company Limited, an indirect wholly owned subsidiary of the Company, entered into a conditional subscription agreement dated 13 July 2006 with Design Landscapes International (HK) Company Limited, pursuant to which W. Hing Construction Company Limited agreed to subscribe 42,711 new shares of Design Landscapes International (HK) Company Limited for an aggregate cash consideration of HK\$93,110. On the same day, Mr. Keith Jeferey Dodd, an independent third party, entered into a conditional subscription agreement dated 13 July 2006, pursuant to which Mr. Keith Jeferey Dodd agreed to subscribe 67,511 new shares of Design Landscapes International (HK) Company Limited for an aggregated cash consideration of HK\$147,174. Prior to the entering into of the aforesaid subscription agreements, the entire issued share capital of Design Landscapes International (HK) Company Limited was beneficially owned as to 51% by W. Hing Construction Company Limited and 49% by Design Landscapes Investments Pty Limited, a company incorporated in Australia with limited liability.

Upon completion of the aforesaid subscription agreements, the enlarged issued share capital of Design Landscapes International (HK) Company Limited are beneficially owned as to approximately 50% by W. Hing Construction Company Limited, approximately 45% by Design Landscapes Investments Pty Limited and approximately 5% by Mr Keith Jeferey Dodd. Accordingly, Design Landscapes International (HK) Company Limited has ceased to be a subsidiary of the Company but continue to be an associate of the Company upon completion. Further details relating to the aforesaid transactions are set out in the Company's circular dated 4 August 2006.

CAPITAL STRUCTURE

On 29 March 2006, the Company announced, among other matters, that it proposed to (i) implement a share consolidation ("Share Consolidation") pursuant to which every ten existing ordinary shares of HK\$0.10 each in the issued and unissued share capital of the Company be consolidated into one consolidated share of HK\$1.00 ("Consolidated Share"); (ii) subject to the Share Consolidation, proposed a rights issue ("Rights Issue") to raise not less than approximately HK\$18.1 million before expenses by issuing not less than 18,100,000 rights shares ("Rights Shares") and not more than 20,600,000 Rights Shares at the subscription price of HK\$1.00 per Rights Share on the basis of one Rights Share for every two Consolidated Shares held on the record date. Further details of the Share Consolidation and Rights issue are set out in the Company's circular dated 3 May 2006.

The resolutions in respect of the Share Consolidation were duly passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, and the Share Consolidation became effective on 23 May 2006.

The Rights Issue, which was underwritten on a fully underwritten basis, became unconditional on 22 June 2006. Upon completion, the Company issued 18,100,000 Rights Shares of HK\$1.00 each at the subscription price of HK\$1.00 per Rights Share.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the period ended 30 September 2006.

SHARE OPTION SCHEME

In the Company's annual general meeting held on 27 August 2003, an ordinary resolution was passed by the Company's shareholders for adoption of a new share option scheme (which is complied with amended Chapter 17 of the Listing Rules) and termination of the Company's share option scheme adopted on 22 November 1995. No share options have been granted by the Company under both of the above-mentioned share option schemes.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2006, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (i) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealing of securities by Directors of the Company were as follows:

Name of Directors	Total interests in shares	Nature of interests		Approximate percentage or attributable percentage of shareholding (%)
		Personal	Corporate	
Ng Tat Leung, George (<i>Note</i>)	10,802,700	30,000	10,772,700	19.89
Lui Siu Yee	30,600	30,600	–	0.06
Wong Teck Ming	30,000	30,000	–	0.06

Note: These 10,772,700 shares were registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, as to approximately 46.46% by Mr. Ng Tat Leung, George, the Chairman of the Company, and as to approximately 7.08% by Mr. Wong Teck Ming, an Executive Director.

Save as disclosed above, as at 30 September 2006, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealing of securities by Directors of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Persons who have an interest or short position which is discloseable under provisions of Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors of the Company, as at 30 September 2006, the following persons (including Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Total interests in shares and equity derivatives	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Total Success Worldwide Limited	10,772,700	Beneficial (<i>Note 1</i>)	19.83
Glado Development Limited	6,750,000	Beneficial (<i>Note 2</i>)	12.43
Grand Legend Limited	9,689,000	Beneficial (<i>Note 3</i>)	17.84
Complete Success Limited	8,492,818	Beneficial (<i>Note 4</i>)	15.64

Notes:

- These 10,772,700 shares were registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, as to approximately 46.46% by Mr. Ng Tat Leung, George, the Chairman of the Company, and as to approximately 7.08% by Mr. Wong Teck Ming, an Executive Director. Mr. Ng Tat Leung, George and Mr. Wong Teck Ming are the directors of Total Success Worldwide Limited.
- The issued share capital of Glado Development Limited is owned as to 99% by Tellon Development Limited, which is an indirect wholly owned subsidiary of China Insurance (Holdings) Company, Limited, a state-owned joint stock limited company established in the People's Republic of China.
- The entire issued share capital of Grand Legend Limited is owned by Mr. Lo Chun Yang. Ms. Loh Siu Yin, Lulu is the spouse of Mr. Lo Chun Yang. Accordingly, Mr. Lo Chun Yang and Ms. Loh Siu Yin, Lulu are deemed to be interested in all the shares in which Grand Legend Limited is interested pursuant to the SFO.
- The interests in 8,492,818 shares include 5,681,818 shares to be issued upon the exercise of the 5,681,818 warrants in full. The entire issued share capital of Complete Success Limited is owned by Ms. Li Dan Dan.

Save as disclosed above, as at 30 September 2006, the Directors of the Company were not aware of any other person who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

On 10 August 2006, the Company announced that Glado Development Limited has respectively entered into the sale and purchase agreements with Mr. Ng Tat Leung, George, Grand Legend Limited and Complete Success Limited pursuant to which Glado Development Limited agreed to sell the 6,750,000 shares as to 4,887,369 shares to Mr. Ng Tat Leung, George, as to 1,086,081 shares to Grand Legend Limited and as to 776,550 shares to Complete Success Limited for cash consideration in aggregate amount of HK\$9,000,000 (representing approximately HK\$1.333 per share). The sales and purchases of the shares were completed in November 2006. Further details relating to aforesaid sales and purchases of the shares are set out in the Company's announcement dated 10 August 2006.

CORPORATE GOVERNANCE PRACTICES

Audit Committee

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions as set out in the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee comprises three independent non-executive Directors, Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group, and to review the Company's annual and interim reports.

The audit committee has also reviewed the Group's unaudited results for the six months ended 30 September 2006.

Directors' Securities Transactions

The Company has established written guidelines for required standard of dealings in securities by Directors of the Company. The Company confirms that, having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings with respect to the securities dealing of the Company.

Corporate Governance Practices

None of the Directors is aware of any information that would reasonably indicate that the Group is not, or was not for any part of the accounting period covered by this interim report in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except the following:

1. The Board is in the opinion that Mr. Ng Tat Leung, George assumes the roles of both Chairman and chief executive officer of the Company due to his strong leadership and experience in the construction industry.
2. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS

As at the date of this report, the Executive Directors of the Company are Mr. Ng Tat Leung, George, Mr. Wong Teck Ming, Mr. Lui Siu Yee, Samuel, Mr. Chan Wai Keung, Ivan and Mr. Lo Chung Sun, Simon. The Independent Non-executive Directors of the Company are Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai.

On behalf of the Board
Ng Tat Leung, George
Chairman and Managing Director

Hong Kong SAR, 15 December 2006