
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wing Hing International (Holdings) Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance on the whole or any part of the contents of this circular.

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)



VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

**Independent financial adviser to the Independent Board Committee of
Wing Hing International (Holdings) Limited**



博大資本國際有限公司

Partners Capital International Limited

A letter from the independent board committee is set out on page 23 of this circular. A letter from Partners Capital International Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 24 to 36 of this circular.

A notice convening a special general meeting of the Company to be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 14 April 2008 at 11:00 a.m. is set out on pages 145 to 146 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the special general meeting if you so wish.

26 March 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Asset Co”	珠海威望迪水務污水處理有限公司(Veolia Water (Zhuhai) Wastewater Treatment Company Limited)
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Wing Hing International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the consideration of HK\$171,000,000 payable by the Purchaser to the Company for the Disposal and to be satisfied in the manner as described in this circular
“CSP Group”	CSP and its associated companies, namely, the Asset Co and the Operation Co
“CSP”	CSP (HK) Limited
“Debt Assignment”	the deed of assignment to be made between the Company, the Target and the Purchaser upon Completion in relation to the assignment of the Sale Loan as security for the performance of the payment obligations under the Promissory Notes by the Purchaser
“Directors”	the directors of the Company
“Disposal”	the Disposal of the Sale Shares and the Sale Loan by the Purchaser as contemplated under the Sale and Purchase Agreement

DEFINITIONS

“First Promissory Note”	the promissory note in the principal amount of HK\$40,000,000 and with a maturity date of 30 June 2008 to be executed by the Purchaser for the purpose of settling part of the Consideration
“Group”	the Company and its subsidiaries
“Guarantor”	Lo Chun Yang
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal
“Independent Shareholders”	Shareholders other than Grand Legend Limited and its associates
“Latest Practicable Date”	19 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation Co”	珠海威望迪水務污水處理管理有限公司(Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited)
“Partners Capital”	Partners Capital International Limited, a licensed corporation under the SFO to conduct type 1 and type 6 regulated activities (dealing in securities and advising on corporate finance), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“PRC”	the People’s Republic of China
“Promissory Notes”	the First Promissory Note, the Second Promissory and the Third Promissory Notes
“Purchaser”	Heart Ace Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by the Guarantor
“Remaining Group”	the Group excluding the Target Group upon Completion

DEFINITIONS

“Reorganisation”	the reorganisation of the Group to be conducted prior to Completion, upon completion of which the Target will directly hold the entire issued share capital of Sunny Engineering and CSP and indirectly hold 35% of the issued share capital of King Fine Development Limited, 8% of the issued share capital of Wealthy Star Limited, 39% of the registered and paid up capital of the Operation Co and 40% of the registered and paid up capital of the Asset Co
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 February 2008 entered into between the Purchaser and the Company in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Company on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 28 February 2008, amounted to HK\$163,285,379
“Sale Shares”	8,000,000 ordinary shares of HK\$0.04 each in the issued share capital of the Target, representing the entire issued share capital of the Target
“Second Promissory Note”	the promissory note in the principal amount of HK\$40,000,000 and with a maturity date of 30 September 2008 to be executed by the Purchaser for the purpose of settling part of the Consideration
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on Monday, 14 April 2008 at 11:00 a.m. to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share Charge”	the share charge to be executed by the Purchaser in favour of the Company upon Completion in relation to the charge of the Sale Shares by the Purchaser to the Company as security for the performance of the payment obligations under the Promissory Notes by the Purchaser
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunny Engineering Group”	Sunny Engineering and its associated companies, namely, King Fine Development Limited and Wealthy Star Limited
“Sunny Engineering”	Sunny Engineering Limited
“Target”	Wing Hing Group (BVI) Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Company
“Target Group”	the Target and its subsidiaries upon completion of the Reorganisation
“Third Promissory Note”	the promissory note in the principal amount of HK\$41,000,000 and with a maturity date of 31 December 2008 to be executed by the Purchaser for the purpose of settling part of the Consideration
“VSA Agreement”	the agreement dated 10 January 2008 entered into between CWS International Trading Limited and Ms Liu Pui Lan in relation to the sale and purchase of the entire issued share capital of Farrell Global Limited and the shareholders loan. For further details of the agreement, please refer to the announcement and the circular of the Company dated 14 January 2008 and 22 February 2008 respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)



Executive Directors:

Ng Tat Leung, George (*Chairman*)
Wong Teck Ming (*Deputy Chairman*)
Lui Siu Yee, Samuel
Chan Wai Keung, Ivan
Leung Pui Kwan

Independent non-executive Directors:

Wong Lit Chor, Alexis
Leung Wai Cheung
Hui Wah Tat

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place
of business in Hong Kong:*

14th Floor
Yau Lee Centre
45 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong

26 March 2008

To the Shareholders

Dear Sir or Madam

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 4 March 2008 in which the Board announced that on 28 February 2008, the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Loan for a total consideration of HK\$171,000,000.

The Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. As the Purchaser is a connected person of the Company, the Disposal also constitutes a connected transaction on the part of the Company and is subject to the approval of Independent Shareholders at the SGM.

The purpose of this circular is to provide you with further information regarding the Disposal and to seek approval from the Independent Shareholders for the Disposal and the transactions contemplated thereunder.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date: 28 February 2008

Parties: (1) Vendor : Wing Hing International (Holdings) Limited
(2) Purchaser : Heart Ace Limited
(3) Guarantor : Lo Chun Yang

The entire issued share capital of the Purchaser is legally and beneficially owned by the Guarantor. As the Guarantor is interested in the entire issued share capital of Grand Legend Limited, which is interested in approximately 19.84% of the entire issued share capital of the Company as at the Latest Practicable Date, the Guarantor is a connected person of the Company. The Purchaser being an associate of the Guarantor is also a connected person of the Company. The Purchaser is principally engaged in investment holding.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Company has agreed to sell: (i) the Sale Shares, representing the entire issued share capital of the Target as at the Latest Practicable Date; and (ii) the Sale Loan, which amounts to approximately HK\$163,285,379 as at 28 February 2008.

Consideration

The Consideration for the sale and purchase of the Sale Shares and Sale Loan shall be satisfied by the Purchaser in the following manner:

- (a) HK\$20,000,000 has been paid in cash by the Purchaser to the Company on the date of signing of the Sale and Purchase Agreement as deposit;
- (b) HK\$30,000,000 shall be payable in cash by the Purchaser to the Company on Completion; and
- (c) the balance of HK\$121,000,000 by issuing the Promissory Notes.

The properties held by Sunny Engineering Group were preliminarily valued by Asset Appraisal Limited, an independent valuer, at HK\$289,305,000 as at 31 January 2008 by adopting the direct comparison method to value the properties held by Sunny Engineering Group. The direct comparison method was used as the valuation method, where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

LETTER FROM THE BOARD

The Consideration was determined with reference to the following three components:

	<i>HK\$'000</i>
(i) Net liabilities of the Target Group as at 31 January 2008	(76,158)
(ii) Sale Loan	163,285
(iii) The difference between the market value (<i>Note 1</i>) and the book value (<i>Note 2</i>) of the share of properties held by Sunny Engineering (as at 31 January 2008) minus deferred tax (<i>Note 3</i>)	289,305 (194,203) (16,642) 78,460
Total of the above three components	165,587
Consideration	171,000
<i>Premium</i>	<i>5,413</i>

Notes:

1. Based on valuation by Asset Appraisal Limited, an independent valuer
2. Based on unaudited combined accounts of the Target Group
3. Based on a tax rate of 17.5%

The Consideration for the Sale Shares and the Sale Loan was agreed between the Company and the Purchaser after arm's length negotiations after considering the valuation of the Target Group. As such, the Directors (including the independent non-executive Directors) consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) the passing by the Independent Shareholders of the Company at a special general meeting of the Company to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained; and
- (c) completion of the Reorganisation.

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the conditions have been satisfied. All of the conditions are not waivable under the Sale and Purchase Agreement. If the conditions have not been satisfied on or before 30 April 2008, or such later date as the Company and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling two Business Days after the fulfilment (or waiver) of the conditions or such later date as may be agreed between the Company and the Purchaser.

Upon Completion, the Target will cease to be a subsidiary of the Company.

The Purchaser shall procure the relevant financial institutions to release the corporate guarantees provided by the Company in relation to the loans relating to the Sunny Engineering Group before the expiry of six months after Completion.

Guarantee

Under the Sale and Purchase Agreement, the Guarantor has guaranteed to the Company the due and punctual performance of the Purchaser of its obligations under the Sale and Purchase Agreement.

TERMS OF PROMISSORY NOTES

The terms of the Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

The principal amount of the First Promissory Note, the Second Promissory Note and the Third Promissory Note is HK\$40,000,000, HK\$40,000,000 and HK\$41,000,000 respectively.

Interest

The Promissory Notes carry no interest.

Maturity

The maturity date of the First Promissory Note, the Second Promissory Note and the Third Promissory Note is 30 June 2008, 30 September 2008 and 31 December 2008 respectively.

LETTER FROM THE BOARD

Security

The Promissory Notes are secured by the Shares Charge and Debt Assignment.

Early repayment

The Purchaser could, at its option, repay the Promissory Notes in whole or in part in multiples of HK\$10,000,000 by giving a prior written notice to the Company, commencing on the date of the Promissory Notes up to the date immediately prior to the maturity date of the Promissory Notes. There will not be any premium or discount to the payment obligations under the Promissory Notes for any early repayment.

Assignment

The Promissory Notes may be transferred or assigned by the holder of the Promissory Notes to any party in multiples of HK\$10,000,000.

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands on 19 January 1994 and is principally engaged in investment holding.

None of the members in the Target Group were acquired by the Group within the period of 12 months prior to the date of this circular.

Sunny Engineering Group

According to the audited financial statements of Sunny Engineering prepared under the Hong Kong accounting standards, for the year ended 31 March 2006, the net loss before and after taxation was approximately HK\$299,000. The net asset value of Sunny Engineering was approximately HK\$8,003,000 as at 31 March 2006.

According to the audited financial statements of Sunny Engineering prepared under the Hong Kong accounting standards, for the year ended 31 March 2007, the net loss before and after taxation was approximately HK\$842,000. The net asset value of Sunny Engineering was approximately HK\$8,769,000 as at 31 March 2007.

Sunny Engineering Group is principally engaged in investment holding and property development. The property development projects in which Sunny Engineering Group are interested in include: (i) the redevelopment of No. 1 Wang Kwong Road, Kowloon Bay, Hong Kong into an office building of 33 storey; and (ii) the development of an office complex on the parcel of land situated at No. 111 King Lam Street, Kowloon, Hong Kong. For further details in relation to the above development projects, please refer to the circular of the Company dated 22 November 2005 and 29 October 2004 respectively. Only the Sunny Engineering Group in the Target Group held real properties.

LETTER FROM THE BOARD

CSP Group

According to the audited financial statements of CSP prepared under the Hong Kong accounting standards, for the year ended 31 March 2006, the net loss before and after taxation was approximately HK\$2,000. The net liabilities of CSP was approximately HK\$266,000 as at 31 March 2006.

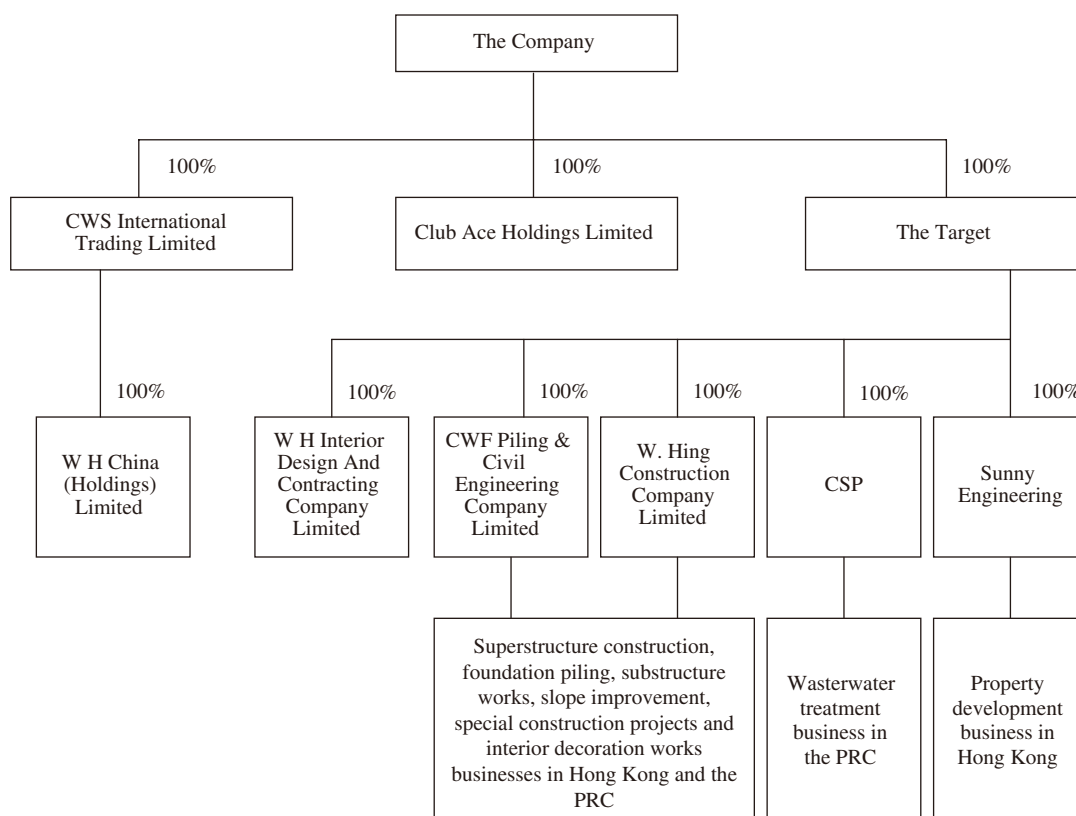
According to the audited financial statements of CSP prepared under the Hong Kong accounting standards, for the year ended 31 March 2007, the net profit before and after taxation was approximately HK\$15,000. The net liabilities of CSP was approximately HK\$268,000 as at 31 March 2007.

CSP Group is principally engaged in investment, construction, maintenance, management and operation of wastewater treatment facilities in Zhuhai, the PRC. For further details in relation to the above wastewater treatment facilities, please refer to the circular of the Company dated 29 July 2005.

Reorganisation

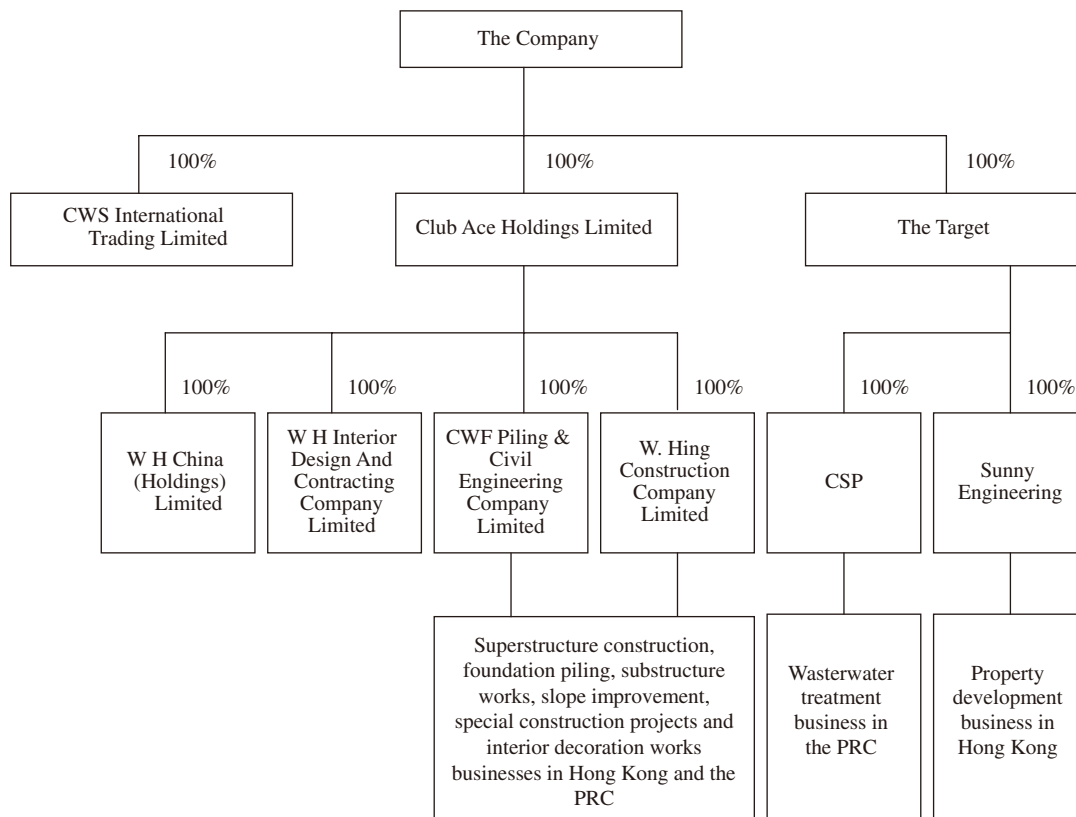
The following charts show the group structure of the Group before completion of the Reorganisation and immediately after completion of the Reorganisation:

Group structure of the Group before completion of the Reorganisation



LETTER FROM THE BOARD

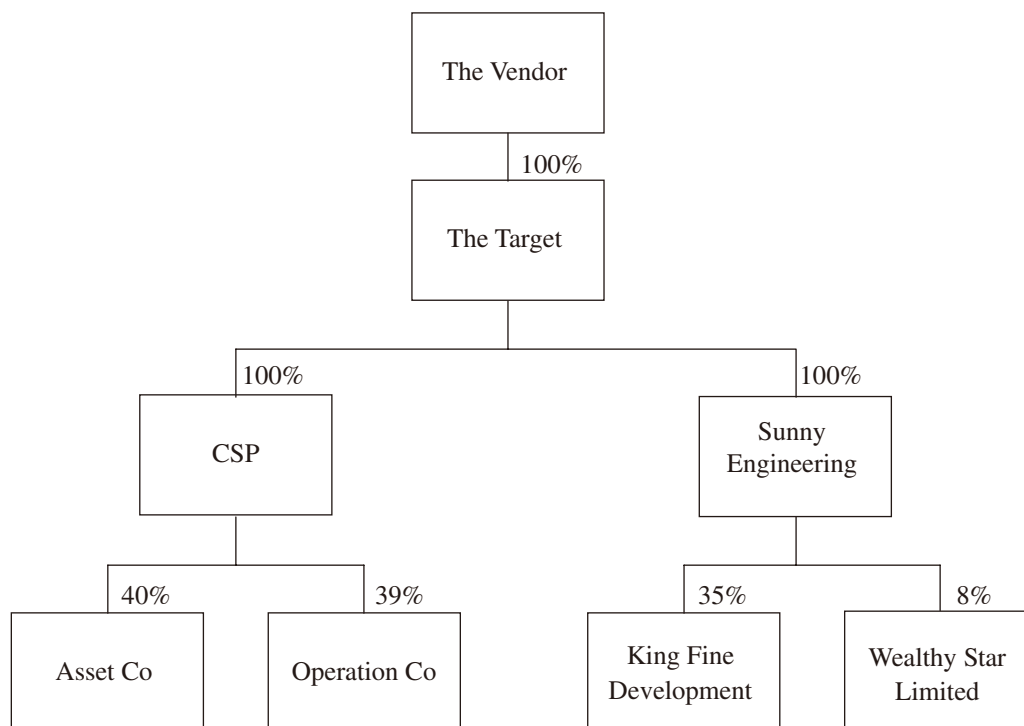
Group structure of the Group immediately after completion of the Reorganisation



LETTER FROM THE BOARD

Target Group immediately after Completion

The following chart shows the group structure of the Target Group immediately after Completion:



FINANCIAL EFFECT OF THE DISPOSAL

According to the unaudited pro forma financial information of the Remaining Group as set out in appendix III to this circular, after the Disposal, the net profit of the Group will increase from approximately HK\$10,765,000 to approximately HK\$109,615,000. The total assets of the Group will increase from approximately HK\$250,588,000 to approximately HK\$334,748,000. The total liabilities of the Group will decrease from approximately HK\$86,826,000 to approximately HK\$78,031,000.

The estimate gain on disposal of the Target Group (inclusive of (i) gain on fair value changes of investment properties; and (ii) revaluation surplus on self-occupied properties) will be approximately HK\$83,873,000. The estimate gain on the Disposal represents the net amount (before expenses in connection with the Disposal) after deducting the Consideration by the sum of the carrying value underlying the Sale Shares (before adjustment of market revaluation as at 31 January 2008) and the face value of the Sale Loan.

LETTER FROM THE BOARD

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE REMAINING GROUP

BUSINESS REVIEW

For the year ended 31 March 2007

During the year ended 31 March 2007 under review, the Remaining Group recorded a turnover of HK\$479,988,000. The Remaining Group recorded a net profit from ordinary activities attributable to shareholders of approximately HK\$109,615,000.

(i) Construction and building

The Remaining Group has secured several contracts during the last financial year, which include the additional columbarium at Diamond Hill for Architectural Services Department, a refurbishment contract for Silvercord at Canton Road, the alteration and addition works contract for the Existing Giant Panda House at Ocean Park and a foundation works contract at Tai Yip Street, Kwun Tong. Together with contracts previously secured, the total value of current contracts on hand amounted to about HK\$553 million.

As regards major completed projects, the Remaining Group has satisfactorily completed the office development at King Lam Street, the Yew Chung Secondary School at Kowloon Tong, the temporary entrance and Skyfair works and the alteration and addition works for the Existing Giant Panda House at Ocean Park.

Liquidity and financial resources

For the year ended 31 March 2007

As at 31 March 2007, the Remaining Group did not have any outstanding borrowings.

The Remaining Group's gearing ratio as at 31 March 2007 was Nil, calculated based on the Remaining Group's total borrowings of HK\$Nil over the Remaining Group's total assets of HK\$334,748,000.

The Remaining Group continues to adopt a policy of dealing principally with clients with whom the Remaining Group has enjoyed a long working relationship so as to minimise risks in its business.

Employees

The Remaining Group employed approximately 300 staff, excluding workers under exclusive subcontracting arrangements, for the year ended 31 March 2007. Total staff costs for the year ended 31 March 2007, excluding Directors' remuneration, amounted to approximately HK\$79,359,000. The remuneration packages of the Remaining Group's employees are mainly based on their performance and experience, taking into account current industry practices. The remuneration policy and packages of the Remaining Group's employees are reviewed regularly.

LETTER FROM THE BOARD

The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries. The assets of the MPF Scheme are held separately from those of the Remaining Group in an independently administered fund. The Remaining Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme in accordance with the rules of the MPF Scheme.

In addition to the provision of the MPF Scheme, a share option scheme (the “Scheme”) is also available to employees based on their performance. The Company operates the Scheme for the purpose of providing incentives or rewards to eligible participants for their contribution to the Remaining Group and/or to enable the Remaining Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Remaining Group and any entity in which the Remaining Group holds an equity interest (the “Invested Entity”). Eligible participants of the Scheme include the Directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Remaining Group or any Invested Entity, any technical, financial and legal professional advisers engaged by the Remaining Group or any Invested Entity, and any shareholder of any member of the Remaining Group or any Invested Entity or any holder of any securities issued by any member of the Remaining Group or any Invested Entity. The Scheme became effective on 29 August 2002 and unless otherwise terminated or amended, will remain in force for 10 years from that date.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings. No share options were granted under the Scheme as at 31 March 2007.

Exposure to fluctuations in exchange rates

Since the functional currencies of the Remaining Group’s operations are mainly Hong Kong dollars, United States dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Remaining Group during the year ended 31 March 2007 is limited.

LETTER FROM THE BOARD

Material acquisitions and disposals of subsidiaries and associated companies

Save as disclosed below, there were no material acquisitions and disposals of subsidiaries, jointly controlled entities and associated companies during the year ended 31 March 2007.

The Remaining Group has disposed its equity interests in Anpoint Engineering Limited to an Independent Third Party during the year ended 31 March 2007.

Significant investments or capital assets

Save as the addition of land and buildings and those disclosed under the paragraph headed “Material acquisition and disposals of subsidiaries and associated companies”, there were no significant investment or capital assets for the year ended 31 March 2007.

Future plans for material investments or capital assets

The Remaining Group generally finances its material investments or capital assets with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong and PRC.

Save as the acquisition as disclosed in the circular of the Company dated 22 February 2008, there were no future plans for material investments or capital assets for the year ending 31 March 2008.

Contingent liabilities

As at 31 March 2007 the Remaining Group had executed guarantees in respect of performance bonds in favour of contract customers of approximately HK\$54,138,000. In addition to the above, as at 31 March 2007, the Company had executed guarantees in favour of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China Harbour-CWF Joint Venture, with original contract sum of HK\$84,938,000.

As at 31 March 2007 the Company had executed guarantees in favour of contract customers in respect of the performance of a subsidiary’s obligation under contracts with contract sum of nil.

As at 31 March 2007, the Remaining Group’s jointly-controlled entities had contingent liabilities in respect of performance bond guarantees amounting to HK\$36,000,000 to which the Remaining Group, together with other joint venture partners, are jointly and severally liable.

As at 31 March 2007, certain subsidiaries of the Company had provided undertakings of financial support to certain of the Remaining Group’s jointly-controlled entities in proportion to their equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due.

The Remaining Group’s share of the net deficiency in assets of these jointly-controlled entities as at 31 March 2007 in the amounts of HK\$14,372,000 have already been accounted for in the financial statements for the year ended 31 March 2007.

LETTER FROM THE BOARD

The Remaining Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK\$2.4 million as at 31 March 2007. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Remaining Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in the financial statements of the Remaining Group for the year ended 31 March 2007 in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Remaining Group.

As at the close of business on 31 March 2007, the Remaining Group was involved in various lawsuits and claims arising in the normal course of business of the Remaining Group, a summary of which is set out below:

- (i) The Remaining Group was involved during the three years ended 31 March 2003 in the undertaking of two construction contracts for the Hong Kong Housing Authority (the “HA”). In attending to these contract works, the Remaining Group received requests for clarifications from the HA regarding the technical compliance of the piling work sections of these contract works. Additional piling specification review, testing and other compliance procedures were carried out to substantiate the satisfactory adherence to the technical specifications required for these contract works and for any extension works required for the purpose of providing assurance to the HA. Provisions of approximately HK\$2.5 million have been made in the financial statements for the year ended 31 March 2004 for all additional costs incurred, as well as those necessarily required to be incurred, in attending to these and other additional works reasonably anticipated by the Directors to be necessary for the satisfaction of the HA.

As a result of the execution of these additional contract works, which were not anticipated at the stage of contract inception, the contract period was prolonged with a corresponding overrun of the contract costs incurred. In accordance with the contractual agreement, the HA is entitled to claim against the Remaining Group for liquidated damages for the delay in completion of contract works. The maximum potential amount of liquidated damages involved was assessed by the Directors based on the contractual provisions of approximately HK\$14 million, HK\$14 million and HK\$7.9 million, in aggregate, as at 31 March 2004, 2005 and 2006 respectively. Having regard to the circumstances surrounding the prolonged contract works as described above, the Directors are however of the opinion that the Remaining Group has meritorious defences against claims for the liquidated damages. In a letter dated 12 December 2000 issued by the HA, the HA confirmed that its building committee had considered the situation and approved the waiver of liquidated damages on an ex-gratia basis if the delay was due to unanticipated complex ground conditions and/or initiatives on supervision enhancement and design approval of piling works implemented after contract formation. Accordingly, although the Remaining Group’s grounds of claiming waiver of these possible liquidated damages has yet to be approved by the HA, having considered the legal counsel’s advice, the Directors are of the opinion that the likelihood of such damages falling to the Remaining Group is not probable and a provision therefor has not been made in presenting the financial statements for the three years ended 31 March 2006.

LETTER FROM THE BOARD

In July 2001, the piling sections involved in these HA contract works were completed and, up to 31 March 2006 the Remaining Group has not received any complaint or indications from the HA regarding sub-standard piling works. The Remaining Group has filed formal claims to the HA requesting compensation of the extra contract costs incurred, which have already been fully charged to the profit and loss account during each of the two years ended 31 March 2002, as a result of the contract prolongation. As the negotiations with the HA have not yet reached an advanced stage, as at 31 March 2006 in view of the uncertainties involved, no accrual for the potential compensation revenue has been made in the audited financial statements for the three years ended 31 March 2006.

Subsequent to 31 March 2006 two Supplemental Agreements for Granting Ex-Contractual Extension of Time and Ex-Gratia Payment (the “Supplemental Agreements”) were entered into between the Remaining Group and the HA for full settlement of all entitlements and claims of both parties in relation to the two construction contracts. Pursuant to the Supplemental Agreements, the Remaining Group has received approximately HK\$17.7 million from the HA during the year ended 31 March 2007.

- (ii) The Remaining Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to the completion of contract works as a result of the allegation of non-conforming piles. In the previous year, the contract customer demanded from the Remaining Group the retrenchment of HK\$5 million of the contract fees received by the Remaining Group, as compensation for early termination of the contract works. In prior years, the contract customer was in the process of undergoing a court compulsory winding-up and the provisional liquidator of the contract customer requested payment of HK\$8 million from the Remaining Group. Having considered legal counsel’s advice, the Directors are of the opinion that the claim is unlikely to succeed. Accordingly, no provision has been made in the financial statements of the Remaining Group for the year ended 31 March 2007.
- (iii) The Remaining Group was previously engaged in early 2000 in the undertaking of a piling work contract. In 2001, the Remaining Group made a claim against the main contractor of HK\$7 million for variation orders in addition to the original contract sum. In prior years, the main contractor submitted a counterclaim of HK\$44 million for additional costs incurred due to wrongful repudiation of the subcontract. Having considered the legal counsel’s advice, the Directors are of the opinion that the Remaining Group has a good chance of defending the counterclaim. Accordingly, the Directors consider that a provision for the counterclaim is not necessary.
- (iv) The Remaining Group was held liable for two related claims for the alleged breach of contractual duties, brought against the Remaining Group by a contract customer and a nominated subcontractor in respect of renovation works undertaken by the Remaining Group in 1992. The total claims payable in respect of the claims amounted to HK\$9.2 million. Certain Directors through companies beneficially and wholly-owned by them, have covenanted with the Remaining Group to jointly and severally indemnify and keep the Remaining Group indemnified in full against the damages payable. A provision therefor,

LETTER FROM THE BOARD

as well as the corresponding reimbursement recoverable of an equal amount, have been recognised in these financial statements. The outstanding claims payable in respect of the claims amounted to nil as at 31 March 2007.

- (v) A subsidiary of the Company, Anpoint Engineering Limited, was engaged in the undertaking of a HVAC installation works contract in 2004. In December 2004, Anpoint Engineering Limited made a claim against the sub-contractor for loss and damage caused by the sub-contractor's wrongful repudiation of contract in the sum of approximately HK\$1.4 million and other loss and damage due to completion of outstanding works and remedial works and payment of Labour Tribunal claims to unpaid workers on the sub-contractor's behalf. The sub-contractor submitted a counterclaim for unpaid workdone and loss of profit in the sum of approximately HK\$1.8 million. Having considered the legal counsel's advice, the Directors are of the opinion that Anpoint Engineering Limited has a good chance of defending the counterclaim. Accordingly, the Directors consider that a provision for the counterclaim is not necessary. Subsequent to 31 March 2006, the Remaining Group disposed its entire equity interest in Anpoint Engineering Limited to an independent third party.
- (vi) A number of claims have been brought against the Remaining Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The Directors believe that any liabilities of the Remaining Group in respect of such claims will be covered either by the Remaining Group's insurance policies, or that the Remaining Group has a meritorious defense against such claims. Accordingly, the Directors do not believe that these claims will have any material adverse impact on the Remaining Group and, therefore no provisions have been made in respect thereof in the financial statements of the Remaining Group for the year ended 31 March 2007.
- (vii) A claim for approximately HK\$1.6 million was brought against a subsidiary of the Company by a sub-contractor in 2002 alleging that the Remaining Group is liable for the settlement of sub-contracting charges to the subcontractor. No provision for the claim was made for the years ended 31 March 2004 and 2005, the case was fully settled during the year ended 31 March 2006 with the payment by the Group of approximately HK\$1.6 million to the sub-contractor.

Indebtedness

Save as disclosed under the section headed "Indebtedness" as set out in Appendix III "Financial Information of the Group" or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding borrowings, bank overdrafts, loans or other similar indebtedness under acceptances (other than normal trade bill) or acceptance credits, debentures or other loan capital, mortgages, charges, hire purchase or finance lease commitments, guarantees, capital commitments or other contingent liabilities at the close of business on 31 March 2007.

LETTER FROM THE BOARD

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 March 2007.

REASONS FOR THE DISPOSAL

The Group is principally engaged in superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC.

Prior to completion of the VSA Agreement, the businesses of the Group are (i) superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC; (ii) wastewater treatment in the PRC; and (iii) property development in Hong Kong.

Assuming upon Completion and prior to completion of the VSA Agreement, the businesses of the Group will be superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC.

The estimated net proceeds receivable by the Group for the Disposal will amount of approximately HK\$169,470,000. The Directors intend to utilise the net proceeds from the Disposal as general working capital and as funds for future development of the Group when investment opportunities arise. As at the date of this announcement, the Company has not identified any specific investment plans.

The advantages of the Disposal include: (i) the disposal of the non-core segment of the operations of the Group; (ii) the disposal of investments of the Group with minority interests holdings, which the Group does not have the controlling voting rights; and (iii) the Group can reallocate the financial resources of the Group to focus on its other businesses; and (iv) elimination of further financial drain of the Group.

The disadvantages of the Disposal include: (i) the discontinuation of the business relationships with business counterparts in the Target Group; and (ii) the professional fees incurred in relation to the Disposal.

The Directors consider that the Consideration represents a premium over the net asset value of the Target Group and the Disposal represents a good opportunity for the Group to realise the Target Group and to strengthen the financial position of the Group. Taking into account of the valuation of the Target Group, the Board is of the view that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

PROSPECTS OF THE REMAINING GROUP

Due to the shrinking market size, the local construction market has been highly competitive and the Group envisages such difficult environment to persist in the medium term future. The traditional low-end construction market will suffer more due to the higher number of competitors and hence keener competition.

LETTER FROM THE BOARD

The Group has developed over time from a traditional low-margin construction contractor to a diversified conglomerate engaged in construction, property investment, environmental engineering and investment, and higher-margin specialist construction in various areas related to leisure markets. In a continuously effort to further broaden the Group's income sources, the Directors recognise that the rising global demand for diversified sources of energy amongst nations and enterprises represents a profitable and sustainable investment opportunity whereby the Group can take part in energy-related investment in a less capital-intensive manner by undertaking the production, development and management of sophora and biological vegetable oil, including sunflower oil. Aside from the energy-related prospects, there is the further opportunity to extract various other by-products which can be sold both as edible oil in the PRC market and international commodities. The global market for sophora products and biological vegetable oil is expected to experience a shortage as these products are increasingly being used as a renewable and environmental friendly alternative energy amidst continuing economic growth and accelerating industrialisation and urbanisation in the PRC and other emerging countries. The Board is of the view that, upon Completion, the Group's earning asset base and income potentials will be strategically enhanced.

Furthermore, with the opportunity provided by the acquisition as set out in the circular of the Company dated 22 February 2008 to diversify into the growing PRC market, the Group will continue to explore prudently other investment possibilities. The Group anticipates to gradually increase the investment portfolio in this area.

In Hong Kong, the Group will focus on high-value specialist construction markets, such as leisure theme park markets and high-end A&A (alteration and addition) refurbishment projects.

LISTING RULES IMPLICATIONS

The Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. As the Purchaser is a connected person of the Company, the Disposal also constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the SGM by way of poll.

The Disposal is subject to, among others, the approval by the Independent Shareholders at the SGM to be taken by way of a poll. Grand Legend Limited, which holds approximately 19.84% of the entire issued share capital of the Company, and its associates will abstain from voting for the relevant resolution at the SGM to approve the Disposal and the transactions contemplated thereunder due to their interests in the Disposal.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal. Partners Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

SGM

Set out on pages 145 to 146 is a notice convening the SGM to be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 14 April 2008 at 11:00 a.m. at which relevant resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the special general meeting if you so wish.

PROCEDURE FOR DEMANDING A POLL AT GENERAL MEETING

According to bye-law 79 of the bye-laws of the Company, a resolution put to the vote at any general meeting shall be determined by a show of hands of the Shareholders present in person (or, in the case of a Shareholder being a corporation, by its authorised representative entitled to vote) or by proxy unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of such meeting; or
- (ii) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the chairman that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Wing Hing International (Holdings) Limited
Ng Tat Leung, George
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 621)



26 March 2008

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 26 March 2008 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Disposal whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and how to vote on resolutions regarding the Disposal.

Partners Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 24 to 36 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 22 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Disposal and the advice of Partners Capital, we are of the opinion that the Disposal was on normal commercial terms and the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Disposal.

Yours faithfully
Independent Board Committee of
Wing Hing International (Holdings) Limited

Wong Li Chor, Alexis
Independent non-executive Director

Leung Wai Cheung
Independent non-executive Director

Hui Wah Tat Anthony
Independent non-executive Director

LETTER FROM PARTNERS CAPITAL

Set out below is a full text of the letter of advice from Partners Capital to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, which has been prepared for the purpose of incorporation into this circular.



博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

*To the Independent Board Committee and
the Independent Shareholders*

26 March 2008

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal, particulars of which are set out in a circular (the "Circular") of the Company to the Shareholders dated 26 March 2008 and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the letter from the Board (the "Letter from the Board") contained in the Circular, the Company, entered into the Sale and Purchase Agreement with the Purchaser on 28 February 2008, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Loan for a total consideration of HK\$171,000,000. The Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. As the Purchaser is a connected person of the Company, the Disposal also constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the SGM by way of poll.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Sale Shares, the Sale Loan, the Target Group, the Purchaser and their respective associates nor have we carried out any independent verification of the information supplied.

LETTER FROM PARTNERS CAPITAL

PRINCIPAL FACTORS CONSIDERED

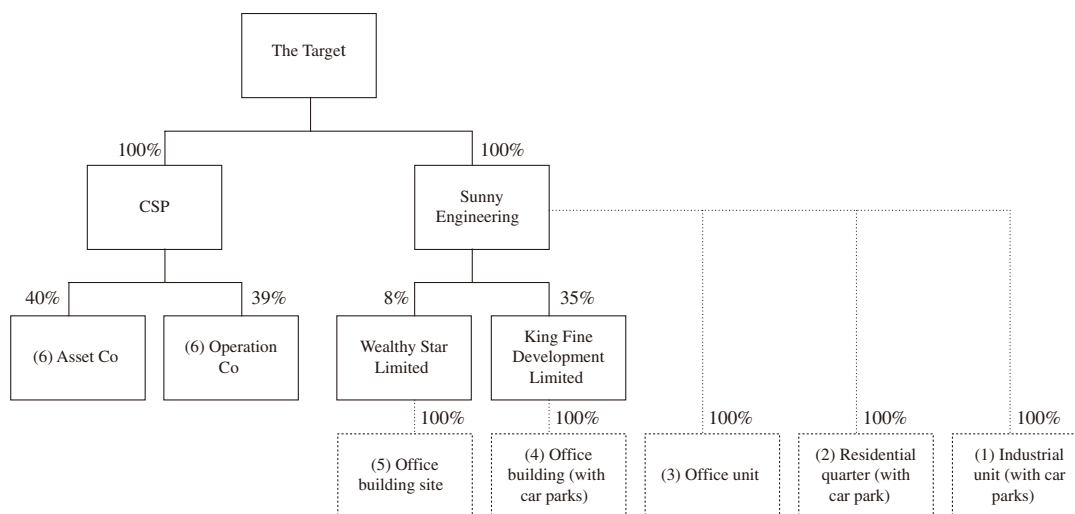
In arriving at our opinion regarding the terms of the Disposal, we have considered the following principal factors and reasons:

1. Reasons for entering into the Sale and Purchase Agreement

As set out in the Letter from the Board, prior to completion of the VSA Agreement, the businesses of the Group are (i) superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC; (ii) wastewater treatment in the PRC; and (iii) property development in Hong Kong. We analyse the background and the reasons for the Disposal as follows:

(i) Background of the assets to be disposed of under the Disposal

We understand from the Directors that the Target Group shall immediately after completion of the Reorganisation be principally engaged in (i) property development/investment/holding in Hong Kong; and (ii) investment, construction, maintenance, management and operation of wastewater treatment facilities in Zhuhai, the PRC. The following chart shows the group structure of the Target Group immediately after completion of the Reorganisation:



LETTER FROM PARTNERS CAPITAL

We summarise details of the key assets to be disposed of under the Target Group in the following table:

Component	Nature of key assets to be disposed of	Geographical location	Usage	% equity attributable to the Group	Initial date of investment	Completion date	Cost of investment	Attributable market value (or carrying value) as at 31 January 2008 (approximate HK\$)	Profit/(loss) contribution	
									for the year ended 31 March 2007	for the six months ended 30 September 2007
1	Industrial unit (with car parks)	Kwun Tong, Hong Kong	for self-occupation	100%	2004	1978	5.48 million	22.50 million (Note 1)	(0.19 million) Depreciation	(0.20 million) Depreciation
2	Residential quarter (with car park)	Tuen Mun, Hong Kong	for self-occupation	100%	2004	1977	1.90 million	4.00 million (Note 1)	(0.05 million) Depreciation	(0.05 million) Depreciation
3	Office unit	Tsimshatsui, Hong Kong	for investment	100%	2004	1975	3.40 million	6.50 million (Note 1)	0.40 million Revaluation & 0.12 million Rental income	-
4	Office building (with car parks)	Cheung Shan Wan, Hong Kong	for sale and for investment	35%	2004	2007	Loan of 21.67 million (maximum) & share capital of 3,500	121.91 million (Note 1)	-	-
5	Office building site	Kowloon Bay, Hong Kong	for development	8%	2005	2010	Loan of 53.46 million (maximum) & Share capital of 800	134.40 million (Note 1)	-	-
6	Asset Co and Operation Co	Zhuhai, China	Provision of wastewater treatment services	40% and 39%	2002	N/A	34.64 million	16.89 million (Note 2)	(7.13 million) Share of result of jointly controlled entities	(4.53 million) Share of result of jointly controlled entities

Source: the Company

Note:

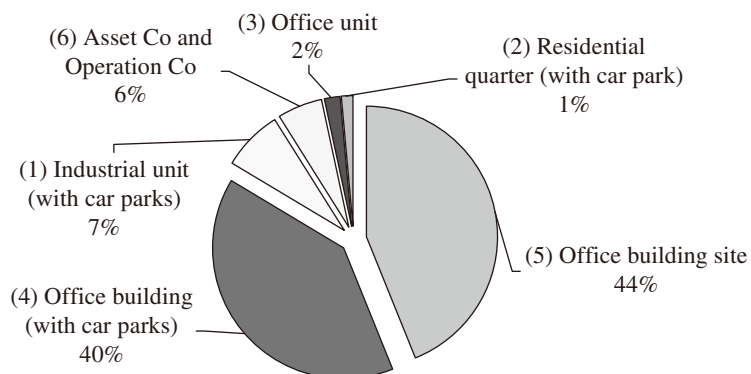
- representing the market value as valued by Asset Appraisal Limited, an independent valuer
- representing the carrying value of “interests in jointly controlled entities” as shown on the unaudited consolidated balance sheet of the Target Group

As illustrated in the above table, we note that the attributable market value of each of the five property assets under the Target Group as at 31 January 2008 was higher than the relevant cost of investment incurred by the Group. By contrast, the carrying value of Asset Co and Operation Co under the Target Group as at 31 January 2008 was lower than the relevant cost of investment incurred by the Group.

LETTER FROM PARTNERS CAPITAL

We further summarise the relative proportions of the key assets to be disposed of under the Target Group (in terms of (i) attributable market value for property assets and (ii) carrying value for wastewater treatment assets) as at 31 January 2008 in the following pie chart:

key assets to be disposed of under the Target Group



(ii) Reasons for the Disposal

The Directors consider that the Consideration represents a premium over the net assets of the Target Group and the Sale Loan and the Disposal represents a good opportunity for the Group to realise the Target Group and to strengthen the financial position of the Group. We analyse the reasons for the Disposal as follows:

- Property market in Hong Kong
 - (a) For component 1 (Industrial unit (with car parks)) under the Target Group:

According to the “Market Overview on Hong Kong Property Market” by Colliers International (an international property consultant) in January 2008, the average prices of factory and industrial-office sector are expected to edge up by 13% in 2008 while the average price of warehouse premises are anticipated to rise 18%, in light of further growth in external trades and the negative interest rate environment boosting the buying interest.

- (b) For component 2 (Residential quarter (with car park)) under the Target Group:

According to the commentary by Goldman Sachs (an international investment bank) as reported on 5 March 2008, the growth momentum in Hong Kong residential property market might slow down as a result of the faltering economy (amidst a scarcity in new property supply, low debt ratio and a mediocre speculative atmosphere in the past year). The forecast increase in Hong Kong’s housing price is slashed from 40% to 20% in 2008 in the next two years.

LETTER FROM PARTNERS CAPITAL

- (c) For component 3 (Office unit), 4 (Office building (with car parks)) and 5 (Office building site) under the Target Group:

According to the commentary by Debenham Tie Leung Limited (an international property adviser) in January 2008, the office rent in Hong Kong is expected to edge up by approximately 15% in the first half of 2008, due to sound economic fundamentals and limited supplies of office space. However, in the second half of 2008, the office rent level and the overall economy in Hong Kong will be clouded by the surfacing of fuller impacts from the US sub-prime mortgage crisis (which in turn should add uncertainty to the office property price, as rental is the main factor used to determine the office price). According further to the “Market Overview on Hong Kong Property Market” by Colliers International (an international property consultant) in January 2008, the pace of rental growth in the overall Grade A office market is to slow to 3% per annum in 2008 due to the combined effect of the recent financial credit crisis and the quantum of new supply of Grade A office in Kowloon East.

Upon enquiry, despite the generally bullish outlook for component 1 to 5 under the Target Group, we understand from the Directors that the Group prefers (on a prudent approach) to lock-in realisable market value of the five property assets under the Target Group at this stage for a profit, rather than taking risk to wait for upside potential on their future market value, especially given the negative economic impacts arising from sub-prime credit crunch are yet to fully surface in Asian region. In any case, as illustrated in the above pie chart, the office properties (namely, component 3, 4 and 5) already accounted for approximately 86% of the total portfolio of key assets to be disposed of under the Target Group as at 31 January 2008, of which component 5 (accounting for approximately 44%) is an office building site in Kowloon Bay scheduled to be completed not earlier than 2010. On such basis, we consider that the overall fundamentals and prospects of the Target Group should largely be subject to the performance of the office property sector in Hong Kong, which is less bullish after the first half of 2008 according to the analysis in point (c) above.

- Wastewater treatment market in the PRC

According to the news dated 14 December 2007 by Nan Fang Daily, with a view to improving the water quality in the PRC, the Ministry of Construction of the PRC China expects the PRC government is planning to invest approximately RMB 330 billion in construction of wastewater treatment facilities during the Eleven-fifth Plan (the “Plan”) of China. The Plan is in a position to benefit the constructors of wastewater treatment facilities.

LETTER FROM PARTNERS CAPITAL

However, the Plan may not be necessarily beneficial to the operators of wastewater treatment facilities (such as Asset Co and Operation Co), given that the average wastewater treatment fee income prevailing in the PRC market is seriously low at approximately RMB0.67 per tonne of wastewater, which is only enough to cover 67% of wastewater treatment expenses according to the Secretary of State Environmental Protection Administration of China as reported on 12 February 2008 by SINA Corporation. Although Asset Co and Operation Co managed to lock-in a higher wastewater treatment fee income according to the relevant concession agreement for their existing wastewater treatment plant invested in 2002, (i) Asset Co and Operation Co were still loss-making at approximately RMB7.13 million and RMB4.53 million respectively for the year ended 31 March 2007 and for the six month ended 30 September 2007; and (ii) the Group (as operator) may face difficulty in seeking or tendering for other new wastewater treatment projects in the PRC with promising profitability potential.

Upon enquiry, we understand from the Directors that the loss-making track record of Asset Co and Operation Co were mainly attributable to the impairment loss in accounts receivable from customer, which were accumulated up to approximately 18.7 million as at 31 March 2007. We further understand from the Directors that such accounts receivable continued to accumulate further with no subsequent settlement, reflecting the difficulty faced by of Asset Co and Operation Co to collect wastewater treatment fee income from customer since 2002. As the Group is only a minority shareholder owning 40% equity interest in Asset Co and 39% equity interest in Operation Co respectively, the Group has not been in a position to take effective and proactive action in the recovery of outstanding accounts receivable in the absence of support from the major shareholder of Asset Co and Operation Co. On such basis, the Directors do not rule out the possibility of further increase in impairment loss in accounts receivable of Asset Co, thereby causing further loss of the Group's minority investment in wastewater treatment business.

- Realignment of the Group's core business under its majority control

Upon Completion and completion of the VSA Agreement, the businesses of the Group will be (i) superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong and the PRC; and (ii) development and management of a series of sophora products and of biological vegetable oil, including sunflower oil.

Upon further discussion with the Directors, we understand that the Disposal is in line with the Group's strategy to

- (a) exit from non-core business segments and those which are merely held as minority investments by the Group without majority control in voting rights and management (namely,
 - i. the 100% owned properties held for self-occupation and for investment in Hong Kong;

LETTER FROM PARTNERS CAPITAL

- ii. the 39% or 40% equity-owned wastewater treatment business in the PRC; and
 - iii. the 8% or 35% owned property development/investment projects in Hong Kong); and
- (b) reallocate more resources to focus on its majority-controlled business segments (namely,
- i. the 100% owned core business of construction; and
 - ii. the 55% owned new business of biological vegetable oil cultivation).

We understand from the Directors that the Company has been specialising in superstructure construction, foundation piling, substructure works and slope improvement since its listing on the Stock Exchange in 1995. Upon our review of the annual report of the Company for the year ended 31 March 2007 and as further confirmed by the Directors, we note that the core business of construction of the Group recorded a better segment result and a higher gross profit margin than the remaining business segments of the Group. On the back of support from this core construction business, which however may be facing competition at times, the Group diversified into the biological vegetable oil market by way of a very substantial acquisition in early 2008.

- Elimination of further financial drain on the Group

According to the note of “subsequent event” as set out in appendix II to the Circular, we note that the Target Group suffered from net current liabilities and from net asset deficit as at 31 March 2007. Upon enquiry, we note that the ongoing operations of the Target Group were mostly funded by amounts due to the Remaining Group. The Directors cannot rule out the possibility of the need to incur further substantial working capital commitment or investment on the part of the Group for supporting the ongoing operations of the Target Group, in particular its 8% interests in a property development project in Kowloon Bay which attributable construction costs outstanding are estimated at approximately HK\$60 million. Further, the Directors advise that Asset Co has an outstanding sizeable bank loan of RMB123,500,000 due for repayment in 2010.

On the above basis, we concur with the Directors’ view that the Disposal represents an opportunity to avoid (i) providing further funding support to the Target Group; and (ii) incurring possible financial losses of wastewater treatment business segment for the foreseeable future.

LETTER FROM PARTNERS CAPITAL

2. Terms of the Disposal

(i) Consideration

As set out in the Letter from the Board, and as further discussed with the Directors, the Consideration was determined with reference to the following three components:

	<i>HK\$'000</i>
(i) net liabilities of the Target Group as at 31 January 2008	(76,158)
(ii) the Sale Loan	163,285
(iii) the difference between the market value (<i>Note 1</i>) and the book value (<i>Note 2</i>) of the share of properties held by Sunny Engineering (as at 31 January 2008) minus deferred tax (<i>Note 3</i>)	289,305 (194,203) (16,642) 78,460
(a) Total of the above three components	165,587
(b) the Consideration	171,000
 <i>Excess of (b) over (a)</i>	 <i>5,413</i>

Notes:

1. Based on valuation by Asset Appraisal Limited (the “Valuer”), an independent valuer
2. Based on unaudited combined accounts of the Target Group
3. Based on a tax rate of 17.5%

We note that the sum of components (i) and (iii) is essentially representing the “net asset value underlying the Sale Shares” as adjusted for market revaluation as at 31 January 2008 on the properties held by the Target Group on a net-of-deferred-tax basis. We further note that component (ii) is the “face value of the Sale Loan” as measured on a dollar-for-dollar basis as at 31 January 2008. The sum of the aforesaid components (i), (ii) and (iii) is approximately HK\$165,587,000, which is less than the Consideration of HK\$171,000,000 receivable by the Group by approximately HK\$5,413,000.

Upon review and as advised by the Directors, we note that property development/ investment/holding segment constitutes the largest component of the Target Group in terms of asset (accounting for about 94% after adjusting for market valuation by property valuer). However, wastewater treatment segment (comprising CSP, Asset Co and Operation Co) constitutes the largest component of the Target Group in terms of turnover and profit/loss (accounting for about 100% and 89% of the total turnover and the net loss of the Target Group respectively for the year ended 31 March 2007). Notwithstanding that, the turnover was about HK\$0.3 million only for the year ended 31 March 2007, and was subsequently down to zero for the six months ended 30 September 2007. Meanwhile, Asset Co and Operation Co (which accounted for only

LETTER FROM PARTNERS CAPITAL

about 6% of the total portfolio of key assets to be disposed of under the Target Group) had been loss-making for the year ended 31 March 2007 and for the six month ended 30 September 2007 and, hence, any valuation approach based on price-to-earnings multiple is not applicable. Based on the foregoing, the Target Group can predominantly be regarded as an asset-based entity for valuation purpose and, hence, reference to net asset value (after adjustment for market valuation by property valuer) is an acceptable approach for assessing the underlying value of the Target Group.

We understand that the properties held by Sunny Engineering Group are valued by the Valuer by way of the direct comparison method, where comparison based on prices realised or market prices of comparable properties (of similar size, character and location) is made (after carefully weighing against all the respective advantages and disadvantages of each property). We consider that the direct comparison method adopted by the Valuer is in line with the market practice of valuing tangible fixed assets of land and buildings (for which there can be an open market for transactions by willing buyers and sellers) and is hence reasonable.

Upon review of the relevant valuation report as set out in Appendix I to the Circular, and upon discussion with the Valuer, we compare the market value as assessed by the Valuer as at 31 January 2008 for each of the properties held by the Target Group against the range of recently transacted price of market comparable transactions in the following table:

			Market value as assessed by the Valuer for the properties held by the Target Group (HK\$ per sq. ft.)	Recently transacted price of market comparable transactions (HK\$ per sq. ft.)	Note
1.	Industrial unit (with car parks)	for self-occupation	2,002	1,974 to 1,989	1
2.	Residential quarter (with car park)	for self-occupation	3,030	2,542 to 2,676	
3.	Office unit	for investment	5,372	4,605 to 5,236	1
4.	Office building (with car parks)	for sale and for investment	3,008	2,500 to 3,500	2
5.	Office building site	for development	3,115	2,411 to 3,007	3

Note:

1. based on saleable floor area
2. based on gross floor area
3. based on accommodation value, after incorporating the enhancement in value attributable to the recently paid land premium as assessed by Lands Department of HK\$1,674 per sq. ft. for changing the land use from Industrial to Commercial/Business

LETTER FROM PARTNERS CAPITAL

Upon comparison, we note that the market value as assessed by the Valuer for the properties held by the Target Group was higher than or within the range of recently transacted price of market comparable transactions. On such basis, and given that the Consideration represents a premium of about 3% over the sum of the adjusted net asset value underlying the Sale Shares and the face value of the Sale Loan, we are of the view that the Consideration is acceptable from the perspective of the Company as vendor.

(ii) *Promissory Notes*

- **Maturity**

The maturity date of the First Promissory Note (with principal amount of HK\$40,000,000), the Second Promissory Note (with principal amount of HK\$40,000,000) and the Third Promissory Note (with principal amount of HK\$41,000,000) is 30 June 2008, 30 September 2008 and 31 December 2008 respectively.

On such basis, we note that the Company would not be entitled to a total of about 79% of the Consideration redeemable in cash until (in three roughly equal tranches) two months, five months and eight months away from the date of Completion, assuming Completion takes place at the end of April 2008 and assuming no early repayment of the Promissory Notes.

- **Security and credit risk**

The issuer of the Promissory Notes is the Purchaser, the due and punctual performance of which obligations under the Sale and Purchase Agreement (including the payment obligations under the Promissory Notes) is guaranteed by Mr. Lo Chun Yang as the Guarantor. We understand that Mr. Lo Chun Yang was interested approximately 19.84% of the entire issued share capital of the Company as at the Latest Practicable Date and is a connected person of the Company.

The Promissory Notes are secured by the Shares Charge and the Debt Assignment. In other words, the Promissory Notes would be secured by (i) the charge of the Sale Shares and (ii) the assignment of the Sale Loan, each by the Purchaser in favour of the Company upon Completion as security for the Purchaser's performance of the payment obligations under the Promissory Notes.

On such basis, we understand that the Company as vendor and as holder of the Promissory Notes would be entitled to exercise back its rights over the Sale Shares and the Sale Loan in the event that the Purchaser fails to fulfill any of its payment obligations under the Promissory Notes following Completion.

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- Interest

The Promissory Notes carry no interest.

On such basis, we consider that the nature of the Promissory Notes resembles that of non-interest bearing advances from the Company to the Purchaser. However, the Promissory Notes are secured in nature. Hence, the Promissory Notes are different from conventional advances from the Company (or accounts receivable) which are typically unsecured in nature.

- Early redemption

The Purchaser could, at its option, repay the Promissory Notes (with no premium nor discount) in whole or in part in multiples of HK\$10,000,000 by giving a prior written notice to the Company, commencing on the date of the Promissory Notes up to the date immediately prior to the maturity date of the Promissory Notes.

On such basis, we consider that this mechanism offers flexibility to the Purchaser as issuer (but not the Company as holder) in opting at its own discretion for early repayment of the Promissory Notes (in part or in full) at any time prior to maturity.

- Assignment

The Promissory Notes may be transferred or assigned by the holder of the Promissory Notes to any party in multiples of HK\$10,000,000.

On such basis, we consider that this mechanism offers flexibility to the Company as holder in opting at its own discretion for transferring or assigning the Promissory Notes for settlement purpose or otherwise.

3. Financial effects of the Disposal on the Group

(i) *Earnings and net assets*

As set out in the Letter from the Board, it is estimated that the gain on disposal of the Target Group (inclusive of (i) gain on fair value changes of investment properties and (ii) revaluation surplus on self-occupied properties) is approximately HK\$83,873,000. We understand from the Company such estimated gain on the Disposal represents the net amount (before expenses incurred in connection with the Disposal) after deducting the Consideration by the sum of the carrying value underlying the Sale Shares (before adjustment of market revaluation as at 31 January 2008) and the face value of the Sale Loan. Subject to Completion which is scheduled to take place within April 2008, such estimated gain on the Disposal is not expected to be reflected in the consolidated profit and loss account of the Group until the year ending 31 March 2009. In turn, such estimated gain on the Disposal is expected to impact positively on the net assets position of the Group by an equivalent amount.

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Given that the Promissory Notes carry no interest, the Group as the holder of the Promissory Notes would not be entitled to any interest income therefrom following Completion. Meanwhile, the Group would cease to benefit from any future profit contribution potential from the Target Group following Completion.

(ii) Liquidity/cashflow

The Consideration of HK\$171,000,000 shall be settled by the Purchaser in tranches as to (a) HK\$20,000,000 in cash on the date of signing of the Sale and Purchase Agreement as deposit; (b) HK\$30,000,000 in cash on Completion; and (c) the balance of HK\$121,000,000 by issuing the Promissory Notes. On such basis, the Company would be entitled to a total of about 29% of the Consideration in cash by the date of Completion, with the remaining balance of about 79% redeemable in cash in three roughly equal tranches by 30 June 2008, 30 September 2008 and 31 December 2008 respectively (which is two months, five months and eight months away from the date of Completion assuming Completion takes place at the end of April 2008 and assuming no early repayment opted by the Purchaser).

The net proceeds receivable by the Group for the Disposal are estimated at approximately HK\$169,470,000. The Directors intend to utilise the net proceeds from the Disposal as general working capital and as funds for future development of the Group when investment opportunities arise, although we understand from the Directors that the Company has not identified any specific investment plans up to the Latest Practicable Date. On such basis, and taking into further account that the Group would upon Completion no longer be required to support the working capital requirements of the Target Group (in particular its 8% interests in a property development project in Kowloon Bay which attributable outstanding construction costs outstanding are estimated at approximately HK\$60 million), the Disposal is expected to have a positive impact on the liquidity position of the Group immediately upon Completion. However, the Group would at the same time cease to benefit from any future cashflow contribution potential from the Target Group following Completion.

(iii) Gearing

As advised by the Directors, the properties held by the Target Group are pledged to secure banking facilities granted to the Target Group itself. According to appendix II and III to the Circular, the Group recorded secured bank borrowings of approximately HK\$3.5 million as at 31 March 2007, which would be down to zero upon Completion. On the basis of such reduction in indebtedness, and coupled with the increase in the net assets position of the Group which in turn is attributable to gain on the Disposal in the Group's profit and loss accounts, the gearing ratio (defined as indebtedness divided by net assets) of the Group is expected to improve immediately upon Completion.

(iv) Contingent liabilities

As set out in Appendix II to the Circular, as at 30 September 2007, the Company had executed guarantees for approximately HK\$73,760,000 and HK\$44,100,000 in respect of the

LETTER FROM PARTNERS CAPITAL

general banking facilities granted to Wealthy Star Development Limited (an investee entity in which the Target has 8% equity interest via Sunny Engineering) and King Fine Development Limited (an associate in which the Group has 35% equity interests) respectively.

As set out in the Letter from the Board, the Purchaser shall procure the relevant financial institutions to release the corporate guarantees provided by the Company in relation to the loans relating to the Sunny Engineering Group before the expiry of six months after Completion. On such basis, we consider that the Company would be relieved from the exposure of contingent liabilities arising from the guarantees relating to the Target Group by six months after Completion.

RECOMMENDATION

Having considered the above principal factors, in particular,

- (i) the reasons for entering into the Sale and Purchase Agreement, including
 - (a) to exit from non-core business segments (and those without majority control in voting rights and management) and to realign the core business under its majority control. This would enable the Group to reallocate more resources to focus on its majority-controlled business segments (namely, (i) core construction business in which the Company has been specialising since its listing on the Stock Exchange in 1995, and (ii) new business of biological vegetable oil cultivation); and
 - (b) to avoid (i) providing further funding support to the Target Group; and (ii) incurring possible financial losses of wastewater treatment business segment for the foreseeable future;
- (ii) the Consideration represents a premium of about 3% over the sum of the adjusted net asset value underlying the Sale Shares and the face value of the Sale Loan; and
- (iii) the favorable financial effects of the Disposal on the Group,

we consider that the terms of the Disposal to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the resolution to approve the Sale and Purchase Agreement.

Yours faithfully,

For and on behalf of

Partners Capital International Limited

Alan Fung

Managing Director

Harry Yu

Executive Director

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 January 2008 of the property interests held by the Group.



Asset Appraisal Limited
資產評估顧問有限公司

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No. 93-107 Lockhart Road Wanchai HK
地址 香港灣仔駱克道93-107號利臨大廈13字樓1303室
Tel (852) 2529 9448
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26 March 2008

The Board of Directors

Wing Hing International (Holdings) Limited

14th Floor
Yau Lee Centre
45 Hoi Yuen Road
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

Re: Valuation of properties situated in Hong Kong (the “properties”)

In accordance with your instructions to value certain property interests held by **Wing Hing International Holdings Limited** (the “Company”) or its subsidiaries or its associates (“the Group”) in Hong Kong, we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at **31 January 2008** (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the properties represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

TITLESHIP

We have caused title search to be made in the Land Registry for the properties situated in Hong Kong. However, we have not verified ownership of the properties and the existence of any encumbrances that would affect ownership of them.

VALUATION METHODOLOGY

The properties situated in Hong Kong are valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

In valuing of the property interests in Group I and IV, which are held by the Group for occupation and investment, we have valued each of these property interests by the direct comparison approach assuming sale of these property interests in its existing state with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant markets.

In valuing of the property interests in Group II, which are completed real estate developments held by the Group for sale, we have valued each of these property interests by the direct comparison approach. We have assumed sale of each of these property interests in its existing state with the benefit of vacant possession and making reference to comparable sales transactions as available in the relevant markets. For those property interests which have been contracted to be sold but the formal assignment procedure of which have not yet completed, we have valued this portion of property interests by taking the contract prices.

In valuing the property interests in Group III, which are real estate development held by the Group under development, we have valued the property interests on the basis that the property will be developed and completed in accordance with the Group's latest development schemes provided to us. In arriving at our opinion of value, we have adopted the direct comparison approach by making references to comparable sales evidences as available in the relevant market and have also taken into consideration the development costs already spent and to be spent to reflect the quality of the completed development. The "Capital value of the property as if the property is completed at the date of valuation" represents our opinion of the aggregate selling prices of the development assuming that it would have completed at the date of valuation.

ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the properties on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. Our valuation have been made on the assumption that the seller sells the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the exterior and, where possible, the interior of the buildings and structures of the properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1st January 2005.

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MFin MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market Value in existing state as at 31 January 2008 HK\$	Interest attributable to the Group %	Market Value Attributable to the Group as at 31 January 2008 HK\$
Group I – Properties held by the Group for investment			
1. Third Floor Lee Chau Commercial Building No. 11 Hart Avenue Tsim Sha Tsui Kowloon Hong Kong.	6,500,000	100%	6,500,000
2. Units B and C on 10/F, Unit A on 18/F, Units B and C on 22/F Units B, C and D on 23/F Unit B on 25/F and 31/F No. 111 King Lam Street Kowloon.	49,800,000	35%	17,430,000
	Sub-Total	56,300,000	23,930,000
Group II – Properties held by the Group for Sale			
3. Whole floor of 7/F, 8/F, 11/F, 12/F, 15/F, 16/F, 19/F, 21/F, 26/F, 28/F, 29/F, 30/F and 32/F, Unit A & D on 10/F, Units A & B on 17/F, Unit B, C & D on 18/F, Unit A & D on 20/F, Unit A on 22/F, Unit A on 23/F, Unit A, C & D on 25/F and Car Parking Space Nos. C1-C9, C11-C13 (inclusive) on 1/F, Nos. C14 to C26 (inclusive) on 2/F, Nos. C27-C45 (inclusive) on 3/F and Nos. C46 to C64 (inclusive) on 5/F No. 111 King Lam Street Kowloon.	298,500,000	35%	104,475,000
	Sub-Total	298,500,000	104,475,000

APPENDIX I**VALUATION REPORT ON THE PROPERTIES HELD
BY SUNNY ENGINEERING GROUP**

Property	Market Value in existing state as at 31 January 2008 HK\$	Interest attributable to the Group %	Market Value Attributable to the Group as at 31 January 2008 HK\$
Group III – Properties held by the Group for Development			
4. No. 1 Wang Kwong Road Kowloon Bay Kowloon.	1,680,000,000	8%	134,400,000
	Sub-Total	1,680,000,000	134,400,000
Group IV – Properties held by the Group for self-occupation			
5. Flat 1 on Ground Floor Block C and Car Park Space 70 on Basement Castle Peak Villas No. 19 Lok Chui Street Tuen Mun New Territories Hong Kong.	4,000,000	100%	4,000,000
6. Factories on 14th Floor and Car Parking Space Nos. 1 & 2 on Ground Floor Yau Lee Centre No. 45 Hoi Yuen Road Kwun Tong Kowloon Hong Kong.	22,500,000	100%	22,500,000
	Sub-Total	26,500,000	26,500,000
	Grand Total of Property Value attributable to the Group:		289,305,000

VALUATION CERTIFICATE

Group I – Properties held by the Group for Investment

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2008 HK\$
1. Third Floor Lee Chau Commercial Building No. 11 Hart Avenue Tsim Sha Tsui Kowloon Hong Kong.	The property comprises an office unit on the third floor of a 10-storey commercial building completed in about 1975. The saleable floor area of the property is approximately 112.4 square meter (1,210 square feet).	The property is currently vacant.	6,500,000 100% interest attributable to the Company 6,500,000
1/11th share of The Remaining Portion of Kowloon Inland Lot No.9775.	The property is held under Conditions of Regrant No.9800 for a term of 150 years commencing on 25 December 1898. The annual government rent for the whole lot is \$184.		

Note:

1. The registered owner of the property is Sunny Engineering Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no.UB9324704 dated 30 August 2004.
2. The property is subject to a legal charge in favour of Wing Hang Bank Limited vide memorial no.06011301280093 dated 30 December 2005.
3. The property falls within an area zoned for “Commercial” on Tsim Sha Tsui Outline Zoning Plan No. S/K1/22.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2008 HK\$
2. Units B and C on 10/F, Unit A on 18/F, Units B and C on 22/F, Units B, C and D on 23/F, Unit B on 25/F and whole floor of 31/F No. 111 King Lam Street Kowloon.	The property comprises various office units on the 10/F, 18/F, 22/F, 23/F, 25/F and whole floor of 31/F of a 29-storey office building completed in 2007. The gross floor area of the property is approximately 1,588 square meter (17,098 square feet). The property is held under Conditions of Sale No. UB8186 for a term of 99 years commencing on 1 July 1898 and the terms have been statutorily extended until 30 June 2047. The annual government rent for the property is 3% of the rateable value of the property.	The property is subject to various tenancies at a monthly rent of HK\$268,919 exclusive of rates and management fee. (refer to Note 4 for breakdown)	49,800,000 35% interest attributable to the Company 17,430,000

Note:

- The registered owner of the property is King Fine Development Limited, (the company holds 35% share of King Fine Development Limited) vide memorial no.UB9359677 dated 23 September 2004.
- The property falls within an area zoned for "Other Specified Use" annotated "Business" on Cheung Sha Wan Outline Zoning Plan No. S/K5/30.
- The property is subject to a Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no.0712102830548 dated 18 December 2007.
- As advised by the Company, the tenancy details of each unit as stipulated below:

Address	Period	Monthly Rental (HK\$)
Unit C 10/F	20/1/2008-19/1/2010	17,760.0
Unit B 10/F	20/9/2007-19/9/2009	14,580.0
Unit A 18/F	1/10/2007-30/9/2010	29,348.4
Units B and C 22/F	16/7/2007-15/7/2010	33,726.0
Units B-D 23/F	1/8/2007-31/7/2009	59,706.0
Unit B 25/F	1/8/2007-31/7/2009	16,937.6
31/F	1/7/2007-30/6/2010	96,861.0
		268,919.0

Group II – Properties held by the Group for Sale

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2008 HK\$
3. Whole floor of 7/F, 8/F, 11/F, 12/F, 15/F, 16/F, 19/F, 21/F, 26/F, 28/F, 29/F, 30/F and 32/F, Unit A & D on 10/F, Units A & B on 17/F, Unit B, C & D on 18/F, Unit A & D on 20/F, Unit A on 22/F, Unit A on 23/F, Unit A, C & D on 25/F and Car Parking Space Nos. C1-C9, C11-C13 (inclusive) on 1/F, Nos. C14 to C26 (inclusive) on 2/F, Nos. C27-C45 (inclusive) on 3/F and Nos. C46 to C64 (inclusive) on 5/F No. 111 King Lam Street Kowloon. Section A and the Remaining Portion of New Kowloon Inland Lot No. 4761.	The property comprises various office units on the 10/F, 17/F, 18/F, 20/F, 22/F, 23/F, 25/F and whole floor of 7/F, 8/F, 11/F, 12/F, 15/F, 16/F, 19/F, 21/F, 26/F, 28/F, 29/F, 30/F and 32/F and 63 car parking spaces of a 29-storey office building completed in 2007. The gross floor area of the property is approximately 9,167 square meter (98,677 square feet). The property is held under Conditions of Sale No. UB8186 for a term of 99 years commencing on 1 July 1898 and the terms have been statutorily extended until 30 June 2047. The annual government rent for the property is 3% of the rateable value of the property.	The property is vacant.	298,500,000 35% interest attributable to the Company 104,475,000

Note:

1. The registered owner of the property is King Fine Development Limited, (the company holds 35% share of King Fine Development Limited) vide memorial no.UB9359677 dated 23 September 2004.
2. The property falls within an area zoned for “Other Specified Use” annotated “Business” on Cheung Sha Wan Outline Zoning Plan No. S/K5/30.
3. The property is subject to a Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no.0712102830548 dated 18 December 2007.
4. As confirmed by the Company, up to the valuation date, various office units with a total gross floor area of 34,205 square feet and 10 car parking spaces were subject to separate agreements for sale and purchase at a total consideration of \$103,556,233. Such sale proceeds have been reflected in our valuation.

Group III – Properties held by the Group for Development

			Market Value as at 31 January 2008 HK\$												
Property	Description and tenure	Particulars of occupancy													
4. No. 1 Wang Kwong Road Kowloon Bay Kowloon. New Kowloon Inland Lot No. 5925.	The property comprises a roughly rectangular level site with a registered area of approximately 4,154 square meters (44,714 square feet). A 31-storey office building will be erected on the property with total gross floor area of about 50,101.724 square meter (539,294.96 square feet) and scheduled to be completed in 2010. Pursuant to the approved building plans dated 13 September 2007, the floor schedule of the development is as follows: <table><tr><th>Floor</th><th>Use</th><th>GFA (sq.m.)</th></tr><tr><td>G/F</td><td>Entrance Lobby/Shops</td><td>1,408.112</td></tr><tr><td>1/F-6/F</td><td>Car Parking Space</td><td></td></tr><tr><td>7/F-35/F</td><td>Office</td><td>48,693.61</td></tr></table> Currently the property is under construction. The property is held under Conditions of Regrant No. 9800 for a term of 150 years commencing on 25 December 1898. The rent payable is \$1,000.00 p.a.	Floor	Use	GFA (sq.m.)	G/F	Entrance Lobby/Shops	1,408.112	1/F-6/F	Car Parking Space		7/F-35/F	Office	48,693.61	The property is under construction.	1,680,000,000 8% interest attributable to the Company 134,400,000
Floor	Use	GFA (sq.m.)													
G/F	Entrance Lobby/Shops	1,408.112													
1/F-6/F	Car Parking Space														
7/F-35/F	Office	48,693.61													

Note:

1. The registered owner of the property is Wealthy Star Development Limited (the company holds 8% share of Wealthy Star Development Limited) vide memorial no.05122400870197 dated 8 December 2005.
2. The property is subject to a Debenture and a Floating Charge in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no. 07010300830262 dated 7 December 2006.
3. The property falls within an area zoned for “Other Specified Use” annotated “Business” on Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No. S/K13/25. The material planning conditions of the subject lot as specified in the explanatory notes of the Outline Zoning Plan are as follows:

Proposed Use	:	Office & Shop
Plot Ratio	:	12
Permissible Building Height	:	140meterPD
4. Pursuant Modification Letter dated 25 January 2008, the registered owner has completed lease modification with Lands Department. The material land grant conditions of the subject lot as specified in the modification letter are as follows:

Building Convent	:	31 March 2013
Use	:	shall not be used for any purpose other than for non-residential purpose excluding hotel, petrol filling station and residential care home; (ii) any trade that is now or may thereafter be declared an offensive trade under Public Health and Municipal Services Ordinance; (iii) the use or storage of any dangerous goods as defined in the Dangerous Goods Ordinance.
Gross floor area	:	the total gross floor area of the property shall not be less than 29,909square meter and 49,848 square meter, but bonus gross floor area may be awarded upon surrender any part of the lot.
Height	:	no part of any building may exceed the aggregate height of 140 meter above the Hong Kong Principal Datum.
5. As advised by the Group, the property has settled all the land premium and free from any encumbrances.
6. As advised by the Group, the total construction cost to complete the development as at 31 January 2008 is estimated approximately \$800,000,000 and outstanding construction cost to be spent to complete development as at 31 January 2008 is estimated approximately \$747,800,000. In the course of our valuation, we have taken into account the said cost.
7. The capital value of the property as if completed as at 31 January 2008 was \$3,200,000,000.

Group IV – Property held by the Group for self occupation

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2008 HK\$
5. Flat 1 on Ground Floor Block C and Car Park Space 70 on Basement Castle Peak Villas	The property comprises a domestic unit on ground floor together with a car parking space on basement of a 6-storey apartment building completed in about 1977.	The property is occupied by the Group as a director quarter.	4,000,000 100% interest attributable to the Company 4,000,000
No. 19 Lok Chui Street Tuen Mun New Territories Hong Kong.	The saleable floor area of the property is approximately 122.63 square meter (1,320 square feet.)	The property is held under New Grant No. 2005 for terms of 99 years less the last three days commencing on 1 July 1898 and the terms have been statutorily extended until 30 June 2047.	
11/1241 share of Lot no. 987 in D.D. 381.	The annual government rent for the property is 3% of the rateable value of the property.		

Note:

1. The registered owner of the property is Sunny Engineering Limited, an indirect wholly owned subsidiary of the Company, vide memorial no. TM1108516 dated 30 August 2004.
2. The property is subject to a legal charge in favour of Wing Hang Bank Limited vide memorial no. 06011301280104 dated 30 December, 2005.
3. The property falls within an area zoned for “Residential (Group B)” on Tuen Mun Outline Zoning Plan No. S/TM/23.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2008 HK\$
6. Factories on 14th Floor and Car Parking Space Nos. 1 & 2 on Ground Floor Yau Lee Centre No. 45 Hoi Yuen Road Kwun Tong Kowloon Hong Kong.	The property comprises an industrial unit on the 14th floor together with two carparking spaces on ground floor of a 15-storey industrial building completed in about 1978. The saleable floor area of the property is approximately 1,044.22 square meter (11,240 square feet).	The property is occupied by the Group.	22,500,000 100% interest attributable to the Company 22,500,000
496/9995th share of Kwun Tong Inland Lot No. 12.	The property is held under a Government Lease for terms of 21 years renewable for a further term of 21 years commencing on 1 July 1955 and the terms have been statutorily extended until 30 June 2047.	The annual government rent for the property is 3% of the rateable value of the property.	

Note:

1. The registered owner of the property is Sunny Engineering Limited, an indirect wholly owned subsidiary of the Company, vide memorial no. UB9220741 dated 3 May 2004.
2. The property is subject to a mortgage in favour of DBS Bank (Hong Kong) Limited vide memorial no. UB9318280 dated 25 August 2004.
3. The property falls within an area zoned for "Other Specified Use" annotated "Business" on Kwun Tong South Outline Zoning Plan No. S/K14S/15.

Property Reconciliation

Property	(No. 2) Units B and C on 10/F, Unit A on 18/F, Units B and C on 22/F, Units B, C and D on 23/F, Unit B on 25/F and 31/F No. 111 King Lam Street Kowloon.	(No. 3) Whole floor of 7/F, 8/F, 11/F, 12/F, 15/F, 16/F, 19/F, 21/F, 26/F, 28/F, 29/F, 30/F and 32/F, Unit A & D on 10/F, Units A & B on 17/F, Unit B, C & D on 18/F, Unit A & D on 20/F, Unit A on 22/F, Unit A on 23/F, Unit A, C & D on 25/F and Car Parking Space Nos. C1-C9, C11- C13 (inclusive) on 1/F, Nos. C14 to C26 (inclusive) on 2/F, Nos. C27-C45 (inclusive) on 3/F and Nos. C46 to C64 (inclusive) on 5/F No. 111 King Lam Street Kowloon.	(No. 4) No. 1 Wang Kwong Road Kowloon Bay Kowloon.
Carrying value as at 30 September 2007 (Note 1)	23,245,254	160,339,265	432,897,727
Cash injection for the period (Note 2)	1,187,826	8,193,295	1,036,585,004
Less: Sale of properties (Note 2)	–	17,935,680	–
Carrying value as at 31 January 2008 (Note 2)	24,433,080	150,596,880	1,469,482,731
Revaluation Surplus/Deficit of 100% property interest (Note 2)	25,366,920	147,903,120	210,517,269.00
Interest Attributable to the Company	35%	35%	8%
Revaluation Surplus/Deficit of respective property interest attributable to the Company	8,878,422	51,766,092	16,841,382
Valuation Report as at 31 January 2008	49,800,000	298,500,000	1,680,000,000

APPENDIX I**VALUATION REPORT ON THE PROPERTIES HELD
BY SUNNY ENGINEERING GROUP**

Notes:—

1. extracted from the management account of the Company for the period ended 30 September 2007.
2. extracted from the management account of the Company for the period ended 31 January 2007.
3. pursuant to the revaluation of the properties.

Property	(No. 1) Third Floor Lee Chau Commercial Building No.11 Hart Avenue Tsim Sha Tsui Kowloon Hong Kong	(No. 5) Flat 1 on Ground Floor Block C and Car Park Space 70 on Basement Castle Peak Villas No.19 Lok Chui Street Tuen Mun New Territories Hong Kong	(No. 6) Factories on 14th Floor and Car Parking Space Nos.1 & 2 on Ground Floor Yau Lee Centre No.45 Hoi Yuen Road Kwun Tong Kowloon Hong Kong
Carrying value as at 30 September 2007 (Note 1)	4,800,000	2,157,895	8,259,302
Depreciation for the period from 30 September 2007 to 30 January 2008 (Note 2)	0	33,333	133,333
Carrying value as at 31 January 2008 (Note 4)	4,800,000	2,191,228	8,392,635
Revaluation Surplus/ Deficit of 100% property interest (Note 3)	1,700,000	1,808,727	14,107,365
Valuation Report as at 31 January 2008	6,500,000	4,000,000	22,500,000

Notes:

1. extracted from the management account of the Company for the period ended 30 September 2007.
2. extracted from the management account of the Company for the period ended 31 January 2007.
3. pursuant to the revaluation of the properties. Such revaluation of property will not be recorded in the Company's accounts as they are stated at cost less accumulated depreciation and currency realignment (if any).

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the auditors of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong. As described in the paragraph headed "Documents Available for Inspection" in Appendix V, a copy of the following accountants' report is available for inspection.



國 衛 會 計 師 事 務 所
Hodgson Impey Cheng

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Chartered Accountants
Certified Public Accountants

26 March 2008

The Board of Directors
Wing Hing International (Holdings) Limited
14th Floor
Yau Lee Centre
45 Hoi Yuen Road
Kowloon
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007 (the "Relevant Periods"), for inclusion in the circular dated 26 March 2008 (the "Circular") issued by the Company in connection with the very substantial disposal and connected transaction whereby the Company proposes to dispose of the Sale Shares and the Sale Loan (both terms as defined in the Circular) to Heart Ace Limited.

The Company was incorporated on 10 July 1995 in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company is an investment holding company.

As at the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Form of business structure, place and date of incorporation	Issued and fully paid share capital	Equity interests attributable to the Company	Principal activities
Wing Hing Group (BVI) Limited (Note (ii))	Limited liability company incorporated in the British Virgin Islands ("BVI") on 19 January 1994	Ordinary HK\$320,000	100% (Direct)	Investment holding
CWS International Trading Limited (Note (ii))	Limited liability company incorporated in BVI on 17 January 1996	Ordinary US\$10	100% (Direct)	Investment holding
W. Hing Construction Company Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 15 December 1989	Ordinary HK\$102,300,100 Deferred HK\$2,380,000 (Note (i))	100% (Indirect)	Superstructure construction
CWF Piling & Civil Engineering Company Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 28 March 1972	Ordinary HK\$48,500,000 Deferred HK\$1,500,000 (Note (i))	100% (Indirect)	Foundation piling works
Sunny Engineering Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 8 August 1991	Ordinary HK\$1,000	100% (Indirect)	Property investment and investment holding
W H China (Holdings) Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 14 May 1996	Ordinary HK\$2	100% (Indirect)	Investment holding
W H Interior Design and Contracting Company Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 7 April 1998	Ordinary HK\$2	100% (Indirect)	Interior decoration

Name of subsidiary	Form of business structure, place and date of incorporation	Issued and fully paid share capital	Equity interests attributable to the Company	Principal activities
JCL Engineering Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 25 September 1998	Ordinary HK\$10,000	91% (Indirect)	Environmental engineering
CSP (HK) Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 26 May 1999	Ordinary HK\$10	100% (Indirect)	Investment holding
TCL Piling Specialist Limited (Note (iii))	Limited liability company incorporated in Hong Kong on 2 August 1999	Ordinary HK\$1,920,002	100% (Indirect)	Foundation piling works

Notes:

- (i) The deferred shares carry no rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of the company. In the winding-up of a company, holders of the deferred shares are entitled to receive amounts paid-up or credited as paid-up on shares after the holders of the ordinary shares of the company have received a total return of HK\$1,000,000,000 per share. As at the date of this report, all these deferred shares were owned by Wing Hing Group (BVI) Limited.
- (ii) No audited financial statements have been prepared for these companies which were incorporated in a jurisdiction where there were no statutory audit requirements.
- (iii) We have acted as auditors of these companies for each of the three years ended 31 March 2005, 2006 and 2007. The statutory financial statements of these companies for each of the three years ended 31 March 2005, 2006 and 2007 were prepared in accordance with accounting principles generally accepted in Hong Kong.

We have acted as auditors of the Company for each of the Relevant Periods. Audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong for each of the three years ended 31 March 2005, 2006 and 2007. For the purpose of this report, we have carried out independent audit procedures in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on the consolidated financial statements of the Group for the six months ended 30 September 2007, which were prepared in accordance with accounting principles generally accepted in Hong Kong.

We have examined the audited consolidated financial statements (the “Underlying Financial Statements”) of the Group for the Relevant Periods. Our examination was made in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The consolidated income statements, consolidated cash flow statements and consolidated statements of changes in equity of the Group for each of the Relevant Periods and the consolidated balance sheets as at 31 March 2005, 2006 and 2007 and 30 September 2007 as set out in this report have been prepared based on the Underlying Financial Statements for the Relevant Periods for the purpose of preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Company who approve their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 March 2005, 2006 and 2007 and 30 September 2007 and of the results and cash flows of the Group for each of the three years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007.

The comparative consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 September 2006, together with the notes thereon (the “30 September 2006 Financial Information”), were prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 September 2006 Financial Information in accordance with Statement of Auditing Standard 700 “Engagements to review interim financial reports” issued by the HKICPA. Our review consisted principally of making enquiries of management and applying analytical procedures to the 30 September 2006 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 September 2006 Financial Information. On the basis of our review which does not constitute an audit, we are not aware of any material modification that should be made to the 30 September 2006 Financial Information.

I. FINANCIAL INFORMATION

Consolidated income statements

		Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Period ended 30 September 2006	Period ended 30 September 2007
	Notes	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Revenue	5	434,801	494,445	480,292	226,978	327,015
Cost of sales		<u>(401,079)</u>	<u>(490,730)</u>	<u>(425,548)</u>	<u>(206,210)</u>	<u>(305,837)</u>
Gross profit		33,722	3,715	54,744	20,768	21,178
Other income	7	6,968	13,294	43,829	25,739	7,934
Other gains and losses		517	4,889	5,713	32	1,497
Administrative and operating expenses		(30,137)	(42,019)	(68,816)	(39,490)	(15,543)
Share of profits less losses of associates		176	(413)	(3,497)	(322)	(768)
Share of profits less losses of jointly-controlled entities		3,602	800	(19,467)	1,122	(4,283)
Finance costs	8	<u>(870)</u>	<u>(890)</u>	<u>(1,007)</u>	<u>(500)</u>	<u>(143)</u>
Profit/(Loss) before tax		13,978	(20,624)	11,499	7,349	9,872
Income tax	9	<u>520</u>	<u>(369)</u>	<u>(734)</u>	<u>(511)</u>	<u>170</u>
Profit/(Loss) for the year/ period	10	<u><u>14,498</u></u>	<u><u>(20,993)</u></u>	<u><u>10,765</u></u>	<u><u>6,838</u></u>	<u><u>10,042</u></u>
Attributable to:						
Equity holders of the Company		14,176	(22,336)	9,519	5,597	10,041
Minority interests		<u>322</u>	<u>1,343</u>	<u>1,246</u>	<u>1,241</u>	<u>1</u>
		<u><u>14,498</u></u>	<u><u>(20,993)</u></u>	<u><u>10,765</u></u>	<u><u>6,838</u></u>	<u><u>10,042</u></u>
Earnings/(Loss) per share						
Basic (HK cents per share)	13	<u><u>48.8</u></u>	<u><u>(63.46)</u></u>	<u><u>18.97</u></u>	<u><u>12.13</u></u>	<u><u>18.49</u></u>
Diluted (HK cents per share)	13	<u><u>42.7</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

Consolidated balance sheets

		As at 31 March 2005 HK\$'000 (Audited)	As at 31 March 2006 HK\$'000 (Audited)	As at 31 March 2007 HK\$'000 (Audited)	As at 30 September 2007 HK\$'000 (Audited)
	Notes				
Non-current assets					
Property, plant and equipment	14	24,776	23,997	21,198	16,599
Prepaid lease payments	15	709	692	675	667
Investment property	16	4,000	4,400	4,800	4,800
Goodwill	17	2,308	2,308	1,943	1,943
Interests in associates	18	10,770	17,704	21,039	21,426
Interests in jointly-controlled entities	19	46,107	37,621	9,309	5,026
Available-for-sale investment	20	–	1	1	1
Amount due from an investee entity	20	–	13,164	16,604	17,136
Contract retention receivables	21	6,762	3,963	2,154	5,752
Deferred tax assets	27	151	112	104	439
		<u>95,583</u>	<u>103,962</u>	<u>77,827</u>	<u>73,789</u>
Current assets					
Accounts receivable	21	131,154	114,553	95,357	111,396
Other receivables	22	19,148	13,698	26,987	32,551
Pledged bank deposits	23	35,025	20,944	16,675	16,675
Bank balances and cash	23	13,025	18,465	33,742	47,295
		<u>198,352</u>	<u>167,660</u>	<u>172,761</u>	<u>207,917</u>
Current liabilities					
Accounts payable	24	107,176	100,921	73,583	94,930
Other payables	25	28,916	13,808	7,911	7,825
Bank borrowings, secured	26	7,387	15,602	846	868
Tax liabilities		716	657	–	–
Convertible notes	28	11,218	–	–	–
		<u>155,413</u>	<u>130,988</u>	<u>82,340</u>	<u>103,623</u>
Net current assets		<u>42,939</u>	<u>36,672</u>	<u>90,421</u>	<u>104,294</u>
Total assets less current liabilities		<u>138,522</u>	<u>140,634</u>	<u>168,248</u>	<u>178,083</u>

APPENDIX II
ACCOUNTANTS' REPORT ON THE GROUP

		As at 31 March 2005 <i>HK\$'000</i> (Audited)	As at 31 March 2006 <i>HK\$'000</i> (Audited)	As at 31 March 2007 <i>HK\$'000</i> (Audited)	As at 30 September 2007 <i>HK\$'000</i> (Audited)
	<i>Notes</i>				
Non-current liabilities					
Deferred tax liabilities	27	15	609	1,828	1,259
Bank borrowings, secured	26	—	3,503	2,658	2,287
		15	4,112	4,486	3,546
Net assets		138,507	136,522	163,762	174,537
Capital and reserves					
Share capital	29	28,750	36,200	54,300	54,300
Reserves		105,492	95,235	106,511	117,285
Equity attributable to the equity holders of the Company		134,242	131,435	160,811	171,585
Minority interests		4,265	5,087	2,951	2,952
Total equity		138,507	136,522	163,762	174,537

Consolidated cash flow statements

	Year ended 31 March 2005 <i>Notes</i> HK\$'000 (Audited)	Year ended 31 March 2006 HK\$'000 (Audited)	Year ended 31 March 2007 HK\$'000 (Audited)	Period ended 30 September 2006 HK\$'000 (Unaudited)	Period ended 30 September 2007 HK\$'000 (Audited)
Operating activities					
Profit/(Loss) for the year/period	14,498	(20,993)	10,765	6,838	10,042
Adjustments for:					
Amortization of prepaid lease payments	17	17	17	8	8
Amortization of goodwill	577	–	–	–	–
Depreciation for property, plant and equipment	4,078	5,451	4,888	2,504	2,427
Gain on disposal of subsidiaries	(92)	–	(3,843)	–	–
Gain on fair value changes of an investment property	(2,500)	(400)	(400)	–	–
(Gain)/Loss on fair value changes of property, plant and equipment	(438)	58	11	–	–
Impairment loss recognized in respect of amounts due from contract customers	2,487	1,894	989	–	–
Impairment loss reversed in respect of amounts due from contract customers	–	–	(2,246)	–	–
Interest income	(261)	(908)	(785)	(371)	(655)
(Gain)/Loss on disposal of property, plant and equipment	26	195	165	97	(1,497)
Loss on disposal of an associate	–	710	–	–	–
Loss on disposal of a jointly-controlled entity	–	–	111	–	–
Write back of long outstanding payables	–	(7,346)	(371)	–	–
Share of profits less losses of associates	(176)	413	3,497	322	768
Share of profits less losses of jointly-controlled entities	(3,602)	(800)	19,467	(1,122)	4,283
Finance costs	870	890	1,007	500	143
Others	–	–	–	24	–
Income tax	(520)	369	734	511	(170)
Operating cash flows before movements in working capital	14,964	(20,450)	34,006	9,311	15,349

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ACCOUNTANTS' REPORT ON THE GROUP

	Year ended 31 March 2005 <i>HK\$'000</i> (Audited)	Year ended 31 March 2006 <i>HK\$'000</i> (Audited)	Year ended 31 March 2007 <i>HK\$'000</i> (Audited)	Period ended 30 September 2006 <i>HK\$'000</i> (Unaudited)	Period ended 30 September 2007 <i>HK\$'000</i> (Audited)
<i>Notes</i>					
Accounts receivable	343	19,624	6,236	(4,270)	(19,637)
Balances with					
jointly-controlled entities	(5,061)	9,429	(3,523)	(4,749)	(5,373)
Balances with associates	8,606	(2,503)	(2,372)	(7,084)	1,607
Balances with related companies	2,818	1,895	–	–	–
Balances with minority shareholders	6,042	(1,179)	144	141	–
Prepayments, deposits and					
other receivables	141	2,507	(693)	(385)	(1,798)
Accounts payable	4,826	(8,006)	(10,630)	(3,106)	21,347
Other payables and accruals	(6,610)	46	(478)	724	(85)
Cash generated from/(used in)					
operations	26,069	1,363	22,690	(9,418)	11,410
Interest paid	(480)	(836)	(1,007)	(500)	(143)
Hong Kong profits tax paid	(7)	(16)	(48)	(657)	–
Net cash generated by/(used in)					
operating activities	25,582	511	21,635	(10,575)	11,267
Investing activities					
Interest received	261	908	785	371	655
Dividends received from					
jointly-controlled entities	5,650	9,286	3,560	2,960	–
Dividends received from					
an associate	–	2,449	–	–	–
Addition of prepaid lease					
payments	(500)	–	–	–	–
Purchase of property,					
plant and equipment	(6,251)	(913)	(291)	(207)	(356)
Acquisition of subsidiaries	31 293	(9,663)	–	–	–
Disposal of subsidiaries	31 (9)	–	(14,009)	–	–
Acquisition of associates	–	(850)	–	–	–
Amounts advanced to associates	(8,316)	(8,946)	–	(15,419)	(1,155)
Purchase of available-for-sale					
investment	–	(1)	–	–	–
Amounts advanced to an					
investee entity	–	(13,164)	(3,440)	(2,960)	(532)
Proceeds from disposal of property,					
plant and equipment	294	66	269	216	4,024

APPENDIX II

ACCOUNTANTS' REPORT ON THE GROUP

	Year ended 31 March 2005 <i>Notes</i> HK\$'000 (Audited)	Year ended 31 March 2006 HK\$'000 (Audited)	Year ended 31 March 2007 HK\$'000 (Audited)	Period ended 30 September 2006 HK\$'000 (Unaudited)	Period ended 30 September 2007 HK\$'000 (Audited)
Capital contribution to jointly-controlled entities	(15,573)	–	–	–	–
Decrease in pledged bank deposits	2,350	14,081	4,269	2,808	–
Net cash generated by/(used in) investing activities	(21,801)	(6,747)	(8,857)	(12,231)	2,636
Financing activities					
Proceeds from issue of ordinary shares	–	–	18,100	18,100	–
Proceeds from bank borrowings	–	6,120	–	–	–
Repayment of bank borrowings	(11,168)	(195)	(801)	(393)	(350)
Proceeds from new trust receipts loans	3,680	37,379	24,363	24,362	–
Repayment of trust receipts loans	(611)	(27,943)	(37,479)	(20,410)	–
Repayment of term loan	–	–	(1,620)	(1,620)	–
Released upon disposal of a subsidiary	–	–	–	(3,387)	–
Capital contributions from minority interests	–	608	–	–	–
Dividends paid to minority interests	–	(650)	–	–	–
Proceeds from issue of convertible notes	11,500	–	–	–	15,000
Redemption of convertible notes	–	–	–	–	(15,000)
Net cash generated by/(used in) financing activities	3,401	15,319	2,563	16,652	(350)
Net increase/(decrease) in cash and cash equivalents	7,182	9,083	15,341	(6,154)	13,553
Cash and cash equivalents brought forward	2,136	9,318	18,401	18,401	33,742
Cash and cash equivalents carried forward	<u>9,318</u>	<u>18,401</u>	<u>33,742</u>	<u>12,247</u>	<u>47,295</u>
Analysis of balances of cash and cash equivalents					
Bank balances and cash	13,025	18,465	33,742	12,329	47,295
Bank overdrafts	(3,707)	(64)	–	(82)	–
	<u>9,318</u>	<u>18,401</u>	<u>33,742</u>	<u>12,247</u>	<u>47,295</u>

Consolidated statements of changes in equity

	Attributable to the equity holders of the Company									
	Share capital	Share premium	Contributed surplus (Note (i))	Assets revaluation reserve	Warrant reserve	Convertible loan note equity reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2004	28,750	166,405	1,781	13,972	—	—	(97,140)	113,768	3,018	116,786
Gain on fair value changes of property, plant and equipment	—	—	—	5,389	—	—	—	5,389	75	5,464
Deferred tax	—	—	—	237	—	—	—	237	—	237
Release upon disposal of property, plant and equipment	—	—	—	(3,987)	—	—	3,987	—	—	—
Net income recognized directly in equity	—	—	—	1,639	—	—	3,987	5,626	75	5,701
Profit for the year	—	—	—	—	—	—	14,176	14,176	322	14,498
Total income and expenses recognized for the year	—	—	—	1,639	—	—	18,163	19,802	397	20,199
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	242	242
Recognition of equity component of convertible notes	—	—	—	—	—	672	—	672	—	672
Capital contributions from minority shareholders	—	—	—	—	—	—	—	—	608	608
At 31 March 2005	28,750	166,405	1,781	15,611	—	672	(78,977)	134,242	4,265	138,507
Gain on fair value changes of property, plant and equipment	—	—	—	4,083	—	—	—	4,083	130	4,213
Loss on fair value changes of property, plant and equipment	—	—	—	(5)	—	—	—	(5)	(1)	(6)
Deferred tax	—	—	—	(221)	—	—	—	(221)	—	(221)

APPENDIX II

ACCOUNTANTS' REPORT ON THE GROUP

	Attributable to the equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Assets revaluation reserve	Warrant reserve	Convertible loan equity reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	(Note (i)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Release upon disposal of property, plant and equipment	-	-	-	(980)	-	-	980	-	-	-
Net income recognized directly in equity	-	-	-	2,877	-	-	980	3,857	129	3,986
Loss for the year	-	-	-	-	-	-	(22,336)	(22,336)	1,343	(20,993)
Total income and expenses recognized for the year	-	-	-	2,877	-	-	(21,356)	(18,479)	1,472	(17,007)
Issue of shares upon conversion of convertible notes	5,750	6,194	-	-	-	(672)	-	11,272	-	11,272
Capital Reduction (Note (ii))	-	(138,808)	-	-	-	-	138,808	-	-	-
Acquisition of additional interest in a subsidiary:										
- Issue of Consideration Shares	1,700	1,700	-	-	-	-	-	3,400	-	3,400
- Issue of warrants	-	-	-	-	1,000	-	-	1,000	-	1,000
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	(650)	(650)
At 31 March 2006	36,200	35,491	1,781	18,488	1,000	-	38,475	131,435	5,087	136,522
Gain on fair value changes of property, plant and equipment	-	-	-	2,882	-	-	-	2,882	-	2,882
Loss on fair value changes of property, plant and equipment	-	-	-	(7)	-	-	-	(7)	-	(7)
Deferred tax	-	-	-	(1,040)	-	-	-	(1,040)	-	(1,040)
Release upon disposal of property, plant and equipment	-	-	-	(585)	-	-	585	-	-	-

APPENDIX II

ACCOUNTANTS' REPORT ON THE GROUP

	Attributable to the equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Assets revaluation reserve	Warrant reserve	Convertible loan note equity reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	(Note (i)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net income recognized directly in equity	-	-	-	1,250	-	-	585	1,835	-	1,835
Profit for the year	-	-	-	-	-	-	9,519	9,519	1,246	10,765
Total income and expenses recognized for the year	-	-	-	1,250	-	-	10,104	11,354	1,246	12,600
Issue of ordinary shares	18,100	-	-	-	-	-	-	18,100	-	18,100
Release on disposal of a subsidiary	-	-	-	(78)	-	-	-	(78)	(3,382)	(3,460)
At 31 March 2007	54,300	35,491	1,781	19,660	1,000	-	48,579	160,811	2,951	163,762
Deferred tax	-	-	-	733	-	-	-	733	-	733
Release upon disposal of property, plant and equipment	-	-	-	(4,192)	-	-	4,192	-	-	-
Net income recognized directly in equity	-	-	-	(3,459)	-	-	4,192	733	-	733
Profit for the period	-	-	-	-	-	-	10,041	10,041	1	10,042
Total income and expenses recognized for the period	-	-	-	(3,459)	-	-	14,233	10,774	1	10,775
At 30 September 2007	54,300	35,491	1,781	16,201	1,000	-	62,812	171,585	2,952	174,537
For the period ended 30 September 2006 (Unaudited)										
At 1 April 2006	36,200	35,491	1,781	18,488	1,000	-	38,475	131,435	5,087	136,522
Deferred tax	-	-	-	29	-	-	-	29	-	29
Release upon disposal of property, plant and equipment	-	-	-	(582)	-	-	582	-	-	-

APPENDIX II

ACCOUNTANTS' REPORT ON THE GROUP

	Attributable to the equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Assets revaluation	Warrant reserve	Convertible loan equity reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	(Note (i)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net income recognized directly in equity	-	-	-	(553)	-	-	582	29	-	29
Profit for the period	-	-	-	-	-	-	5,597	5,597	1,241	6,838
Total income and expenses recognized for the period	-	-	-	(553)	-	-	6,179	5,626	1,241	6,867
Issue of ordinary shares	18,100	-	-	-	-	-	-	18,100	-	18,100
Release on disposal of a subsidiary	-	-	-	(78)	-	-	-	(78)	(3,387)	(3,465)
At 30 September 2006	54,300	35,491	1,781	17,857	1,000	-	44,654	155,083	2,941	158,024

Notes:

- (i) The contributed surplus of the Group arose as a result of the Group reorganization completed on 2 October 1995 and represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Group reorganization, over the nominal value of the share capital of the Company issued in exchange therefor.
- (ii) On 27 June 2005, the Company announced that it proposed to effect a capital reduction by eliminating approximately HK\$138,808,000 standing to the credit of the Company's share premium account (the "Capital Reduction"). The credit arising from the Capital Reduction would be applied to set off against the accumulated losses of the Company at 31 March 2005. The Capital Reduction was approved by the shareholders of the Company at a special general meeting held on 25 August 2005 and became effective on the same date.

Notes to the financial information

1. GENERAL

Wing Hing International (Holdings) Limited (the "Company") was incorporated on 10 July 1995 in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company's principal place of business in Hong Kong is situated at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

The financial information is presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared on the historical cost basis except for certain properties, plant and equipment and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

^{1.} Effective for annual periods beginning on or after 1 January 2009.

^{2.} Effective for annual periods beginning on or after 1 January 2008.

^{3.} Effective for annual periods beginning on or after 1 July 2008.

Basis of consolidation

The financial information incorporates the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalized goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the financial information using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly-controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly-controlled entities.

The results and assets and liabilities of jointly-controlled entities are incorporated in the financial information using the equity method of accounting. Under the equity method, investments in jointly-controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly-controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly-controlled entity equals or exceeds its interest in that jointly-controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly-controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly-controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly-controlled entity recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When a group entity transacts with a jointly-controlled entity of the Group, unrealized profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity, except to the extent that unrealized losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognized.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed to the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will recoverable. Contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as expense immediately.

Revenue recognition

Revenue from construction contracts is recognized on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above.

Sales of goods are recognized when goods are delivered and title has passed.

Service income is recognized when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and impairment losses.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognized.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognized.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land

Interest in leasehold land is amortized over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognized in equity in the financial information. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity, in which cases, the exchange differences are also recognized directly in equity.

For the purposes of presenting the financial information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized as a separate component of equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognized in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognized in equity is removed from equity and recognized in profit or loss. Any impairment losses on available-for-sale financial assets are recognized in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost, using the effective interest method.

Convertible loan notes

Convertible loan notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortized cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible loan notes using the effective interest method.

Equity instruments

Equity instruments issued by companies comprising the Group are recorded at the proceeds received, net of direct issue costs.

Consideration paid to reacquire the Company's own equity instruments are deducted from equity. No gain or loss is recognized in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with HKAS 18 "Revenue".

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized directly in equity is recognized in consolidated income statement.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration received or receivable is recognized in consolidated income statement.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Impairment losses (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Share-based payment transactions*Equity-settled share-based payment transactions*

For share options granted to employees, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of the change in estimate, if any, is recognized in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained profits.

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognized as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustments are made to equity.

Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At each balance sheet date, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognized in profit or loss.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss of accounts and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the accounts and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of accounts and other receivables may be required.

Outcome of construction contracts

The Group determines whether outcome of a construction contract can be estimated reliably. This requires a continuous estimation of the total contract revenue and costs and stage of completion with reference to work certified by architects and the assessment of the probability of the future economic flows to the Group.

Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which includes borrowings and convertible notes), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

Gearing ratio

The gearing ratio at the balance sheet dates was as follows:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Debt (i)	18,605	19,105	3,504	3,155
Cash and cash equivalents	<u>(9,318)</u>	<u>(18,401)</u>	<u>(33,742)</u>	<u>(47,295)</u>
Net debt	9,287	704	(30,238)	(44,140)
Equity (ii)	138,507	136,522	163,762	174,537
Net debt to equity ratio	6.7%	0.5%	N/A	N/A

(i) Debt comprises long and short-term borrowings and convertible notes as detailed in notes 26 and 28 respectively.

(ii) Equity includes all capital and reserves of the Group.

4.2 FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Financial assets				
Fair value through profit or loss	–	–	–	–
Held-to-maturity investments	–	–	–	–
Loans and receivables (including cash and cash equivalents)	191,046	179,441	185,801	223,087
Available-for-sale financial assets	–	1	1	1
Financial liabilities				
Fair value through profit or loss	–	–	–	–
Amortized cost	130,429	107,815	73,142	79,985

The Group's major financial instruments include accounts receivable, other receivables, amounts due from and due to related parties, bank balances and cash, accounts payable, other payables, bank borrowings and convertible notes. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks**Foreign currency risk management**

The management of the Group considers that the Group is not exposed to significant foreign currency risk.

Interest rate risk management

The Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Prime rate arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit and equity reserve would decrease/increase by:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Decrease/increase in profit for the year/period	358	200	446	99	584
Decrease/increase in equity reserve at year/period end	358	200	446	99	584

Price risk

The management of the Group considers that the Group is not exposed to significant price risk.

Credit risk

At the balance sheet date, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge on obligation by the counterparties are the carrying amounts of the respective recognized financial assets as stated in the balance sheet.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within 1 year <i>HK\$'000</i>	1-5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Total carrying amount <i>HK\$'000</i>
As at 31 March 2005					
Accounts payable	82,908	–	–	82,908	82,908
Other payables	28,916	–	–	28,916	28,916
Bank borrowings	7,387	–	–	7,387	7,387
Convertible notes	11,500	–	–	11,500	11,218
As at 31 March 2006					
Accounts payable	74,902	–	–	74,902	74,902
Other payables	13,808	–	–	13,808	13,808
Bank borrowings	15,881	3,941	–	19,822	19,105
As at 31 March 2007					
Accounts payable	61,727	–	–	61,727	61,727
Other payables	7,911	–	–	7,911	7,911
Bank borrowings	1,051	2,890	–	3,941	3,504
As at 30 September 2007					
Accounts payable	69,005	–	–	69,005	69,005
Other payables	7,825	–	–	7,825	7,825
Bank borrowings	1,051	2,365	–	3,416	3,155

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial information approximate their fair values.

5. REVENUE

An analysis of the Group's revenue for the Relevant Periods is as follows:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Construction contract revenue	403,795	460,956	447,385	209,228	311,507
Revenue from sales of goods	31,006	33,489	32,907	17,750	15,508
	<u>434,801</u>	<u>494,445</u>	<u>480,292</u>	<u>226,978</u>	<u>327,015</u>

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organized into five operating divisions:

- (a) Superstructure construction works segment;
- (b) Foundation piling, substructure works and slope improvement works segment;
- (c) Special construction projects segment including civil engineering work and electrical and mechanical works;
- (d) Interior decoration and landscaping works segment; and
- (e) Corporate and others segment, which comprises the Group's investment holding and trading of construction machines and plastic products.

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Period ended							
30 September 2007							
REVENUE							
External sales	307,469	4,020	–	19	15,507	–	327,015
Inter-segment sales	–	15,843	–	34,473	–	(50,316)	–
Total	<u>307,469</u>	<u>19,863</u>	<u>–</u>	<u>34,492</u>	<u>15,507</u>	<u>(50,316)</u>	<u>327,015</u>
RESULT							
Segment result	<u>16,517</u>	<u>6,865</u>	<u>–</u>	<u>2,772</u>	<u>12,906</u>	<u>(10,603)</u>	28,457
Unallocated income							655
Unallocated corporate expenses							(14,046)
Share of profits less losses of							
– associates							(768)
– jointly-controlled entities							(4,283)
Finance costs							<u>(143)</u>
Profit before tax							9,872
Income tax							<u>170</u>
Profit for the period							<u>10,042</u>
BALANCE SHEET							
ASSETS							
Segment assets	118,682	20,864	–	269	52,230	(2,622)	189,423
Interests in associates							21,426
Interests in jointly-controlled entities							5,026
Unallocated corporate assets							<u>65,831</u>
Consolidated total assets							<u>281,706</u>
LIABILITIES							
Segment liabilities	79,980	12,055	–	7,338	2,341	1,041	102,755
Unallocated corporate liabilities							<u>4,414</u>
Consolidated total liabilities							<u>107,169</u>

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ACCOUNTANTS' REPORT ON THE GROUP

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
OTHER INFORMATION							
Depreciation and amortization	119	112	–	1	2,203	–	2,435
(Gain)/Loss on disposal of property, plant and equipment	12	–	–	–	(1,509)	–	(1,497)
Period ended 30 September 2006 (Unaudited)							
REVENUE							
External sales	175,911	19,854	1,653	11,810	17,750	–	226,978
Inter-segment sales	–	167	–	22,471	–	(22,638)	–
Total	175,911	20,021	1,653	34,281	17,750	(22,638)	226,978
RESULT							
Segment result	7,075	32,303	(1,984)	7,871	9,216	(8,345)	46,136
Unallocated income							500
Unallocated corporate expenses							(39,587)
Share of profits less losses of – associates							(322)
– jointly-controlled entities							1,122
Finance costs							(500)
Profit before tax							7,349
Income tax expense							(511)
Profit for the period							6,838
Year ended 31 March 2007							
REVENUE							
External sales	400,745	31,466	1,653	13,521	32,907	–	480,292
Inter-segment sales	–	1,704	–	32,082	–	(33,786)	–
Total	400,745	33,170	1,653	45,603	32,907	(33,786)	480,292

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ACCOUNTANTS' REPORT ON THE GROUP

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
RESULT							
Segment result	43,720	46,466	(2,034)	7,672	2,014	(50)	97,788
Unallocated income							6,663
Unallocated corporate expenses							(68,981)
Share of profits less losses of – associates							(3,497)
– jointly-controlled entities							(19,467)
Finance costs							(1,007)
Profit before tax							11,499
Income tax expense							(734)
Profit for the year							10,765
BALANCE SHEET							
ASSETS							
Segment assets	100,740	15,313	–	3,697	47,505	521	167,776
Interests in associates							21,039
Interests in jointly-controlled entities							9,309
Unallocated corporate assets							52,464
Consolidated total assets							250,588
LIABILITIES							
Segment liabilities	61,390	14,043	–	3,313	2,748	–	81,494
Unallocated corporate liabilities							5,332
Consolidated total liabilities							86,826
OTHER INFORMATION							
Capital additions	208	–	–	39	44	–	291
Depreciation and amortization	225	275	–	76	4,329	–	4,905
Loss on fair value changes of property, plant and equipment	11	–	–	–	–	–	11
Impairment losses recognized in respect of amounts due from contract customers	130	649	–	210	–	–	989
Impairment losses reversed in respect of amounts due from contract customers	(2,246)	–	–	–	–	–	(2,246)
Loss on disposal of property, plant and equipment	100	33	–	32	–	–	165
Loss on disposal of a jointly-controlled entity	–	–	111	–	–	–	111
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Gain on disposal of subsidiaries	–	–	–	(3,843)	–	–	(3,843)
Write back of long outstanding payables	(74)	(187)	–	(110)	–	–	(371)

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Year ended 31 March 2006							
REVENUE							
External sales	326,263	54,535	58,671	21,487	33,489	–	494,445
Inter-segment sales	287	4,055	2,882	34,661	–	(41,885)	–
Total	<u>326,550</u>	<u>58,590</u>	<u>61,553</u>	<u>56,148</u>	<u>33,489</u>	<u>(41,885)</u>	<u>494,445</u>
RESULT							
Segment result	32,523	17,780	(40,795)	8,709	3,954	1,277	23,448
Unallocated income							1,308
Unallocated corporate expenses							(44,877)
Share of profits less losses of – associates							(413)
– jointly-controlled entities							800
Finance costs							(890)
Loss before tax							(20,624)
Income tax expense							(369)
Loss for the year							<u>(20,993)</u>
BALANCE SHEET							
ASSETS							
Segment assets	87,549	23,325	8,740	8,776	45,483	595	174,468
Interests in associates							17,704
Interests in jointly-controlled entities							37,621
Unallocated corporate assets							41,829
Consolidated total assets							<u>271,622</u>
LIABILITIES							
Segment liabilities	74,547	17,876	12,936	5,867	3,503	–	114,729
Unallocated corporate liabilities							20,371
Consolidated total liabilities							<u>135,100</u>

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ACCOUNTANTS' REPORT ON THE GROUP

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
OTHER INFORMATION							
Capital additions	24	281	–	419	189	–	913
Depreciation and amortization	465	361	14	179	4,449	–	5,468
Loss on fair value changes of property, plant and equipment	–	–	–	58	–	–	58
Impairment losses recognized in respect of amounts due from contract customers	1,431	199	147	–	102	15	1,894
Loss on disposal of property, plant and equipment	37	41	–	117	–	–	195
Loss on disposal of an associate	–	–	–	–	619	91	710
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Write back of long outstanding payables	<u>(4,902)</u>	<u>(609)</u>	<u>(131)</u>	<u>(166)</u>	<u>(1,538)</u>	<u>–</u>	<u>(7,346)</u>
Year ended 31 March 2005							
REVENUE							
External sales	284,645	77,680	37,532	3,938	31,006	–	434,801
Inter-segment sales	<u>1,380</u>	<u>6,830</u>	<u>17,955</u>	<u>8,044</u>	<u>–</u>	<u>(34,209)</u>	<u>–</u>
Total	<u>286,025</u>	<u>84,510</u>	<u>55,487</u>	<u>11,982</u>	<u>31,006</u>	<u>(34,209)</u>	<u>434,801</u>
RESULT							
Segment result	<u>9,308</u>	<u>11,946</u>	<u>4,781</u>	<u>(440)</u>	<u>15,154</u>	<u>3,771</u>	<u>44,520</u>
Unallocated income							1,911
Unallocated corporate expenses							(35,361)
Share of profits less losses of – associates							176
– jointly-controlled entities							3,602
Finance costs							<u>(870)</u>
Profit before tax							13,978
Income tax							<u>520</u>
Profit for the year							<u>14,498</u>

	Superstructure construction works HK\$'000	Foundation piling, substructure works and slope improvement works HK\$'000	Special construction projects HK\$'000	Interior decoration and landscaping works HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
BALANCE SHEET							
ASSETS							
Segment assets	107,943	26,920	14,725	3,872	32,564	525	186,549
Interests in associates							10,770
Interests in jointly-controlled entities							46,107
Unallocated corporate assets							50,509
							<u>293,935</u>
Consolidated total assets							<u>293,935</u>
LIABILITIES							
Segment liabilities	87,758	22,224	15,004	6,630	15,397	297	147,310
Unallocated corporate liabilities							8,118
							<u>155,428</u>
Consolidated total liabilities							<u>155,428</u>
OTHER INFORMATION							
Capital additions	102	–	–	80	6,069	–	6,251
Addition to prepaid lease payments	–	–	–	–	500	–	500
Depreciation and amortization	346	280	14	95	3,360	–	4,095
	<u>346</u>	<u>280</u>	<u>14</u>	<u>95</u>	<u>3,360</u>	<u>–</u>	<u>4,095</u>

Inter-segment sales are charged at prevailing market rates.

Geographical segments

Over 90% of the Group's revenue and assets are derived from customers and operations based in Hong Kong and accordingly, no further analysis of the Group's geographical segments is presented.

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7. OTHER INCOME

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Service fee income from:					
– jointly-controlled entities	1,716	9,630	40,366	23,709	3,401
– associates	865	125	370	138	1,708
– independent third parties	1,077	269	765	1,085	715
	<u>3,658</u>	<u>10,024</u>	<u>41,501</u>	<u>24,932</u>	<u>5,824</u>
Interest income on bank deposits	261	908	785	371	655
Rental income from investment property	164	112	128	56	–
Rental income from machinery held for operating lease purposes	1,948	832	167	66	594
Others	937	1,418	1,248	314	861
	<u>6,968</u>	<u>13,294</u>	<u>43,829</u>	<u>25,739</u>	<u>7,934</u>

8. FINANCE COSTS

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Interest on bank borrowings					
– wholly repayable within five years	377	754	1,007	500	143
– not wholly repayable within five years	–	68	–	–	–
Effective interest expense on convertible notes	493	68	–	–	–
	<u>870</u>	<u>890</u>	<u>1,007</u>	<u>500</u>	<u>143</u>

No borrowing costs were capitalized during the Relevant Periods.

9. INCOME TAX

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Current tax					
– Hong Kong	(1,331)	(43)	547	549	–
Deferred tax	811	412	187	(38)	(170)
	<u>(520)</u>	<u>369</u>	<u>734</u>	<u>511</u>	<u>(170)</u>
Tax charge/(credit) for the year/period	<u>(520)</u>	<u>369</u>	<u>734</u>	<u>511</u>	<u>(170)</u>

APPENDIX II**ACCOUNTANTS' REPORT ON THE GROUP**

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the Relevant Periods.

The tax charge/(credit) for the Relevant Periods can be reconciled to the profit/(loss) per the consolidated income statement as follows:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Profit/(Loss) before tax	<u>13,978</u>	<u>(20,624)</u>	<u>11,499</u>	<u>7,349</u>	<u>9,872</u>
Tax at Hong Kong Profits					
Tax rate of 17.5%	2,446	(3,610)	2,012	1,286	1,728
Tax effect of income not taxable for tax purpose	(1,484)	(1,468)	(1,977)	(363)	(555)
Tax effect of expenses not deductible for tax purpose	2,523	1,804	1,028	427	428
Utilization of tax losses previously not recognized	(2,673)	(4,480)	(5,011)	(2,600)	(2,651)
Others	<u>(1,332)</u>	<u>8,123</u>	<u>4,682</u>	<u>1,761</u>	<u>880</u>
Tax charge/(credit) for the year/period	<u>(520)</u>	<u>369</u>	<u>734</u>	<u>511</u>	<u>(170)</u>

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(Loss) for the year/period has been arrived at after charging/(crediting):

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Depreciation for property, plant and equipment	4,078	5,451	4,888	2,504	2,427
Less: Amounts capitalized in construction contracts	<u>(2,044)</u>	<u>(3,663)</u>	<u>(3,677)</u>	<u>(1,839)</u>	<u>(1,791)</u>
	2,034	1,788	1,211	665	636
Amortization of prepaid lease payments	<u>17</u>	<u>17</u>	<u>17</u>	<u>8</u>	<u>8</u>
Total depreciation and amortization	<u>2,051</u>	<u>1,805</u>	<u>1,228</u>	<u>673</u>	<u>644</u>

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ACCOUNTANTS' REPORT ON THE GROUP

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Auditors' remuneration	570	590	610	300	300
(Gain)/Loss on disposal of property, plant and equipment	26	195	165	97	(1,497)
Gain on disposal of subsidiaries	(92)	–	(3,843)	–	–
Loss on disposal of an associate	–	710	–	–	–
Loss on disposal of a jointly-controlled entity	–	–	111	–	–
(Gain)/Loss on fair value changes of property, plant and equipment	(438)	58	11	–	–
Impairment losses recognized in respect of amounts due from contract customers	2,487	1,894	989	–	–
Impairment losses reversed in respect of amounts due from contract customers	–	–	(2,246)	–	–
Write back of long outstanding payables	–	(7,346)	(371)	–	–
Minimum lease payments under operating leases during the period:					
Leasehold land and buildings	1,007	1,526	1,115	866	228
Less: Amounts capitalized in construction contracts	–	(531)	(442)	(442)	–
	<u>1,007</u>	<u>995</u>	<u>673</u>	<u>424</u>	<u>228</u>
Plant and machinery	1,568	7,362	3,117	3,021	548
Less: Amounts capitalized in construction contracts	<u>(1,568)</u>	<u>(7,362)</u>	<u>(3,117)</u>	<u>(3,021)</u>	<u>(548)</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u><u>1,007</u></u>	<u><u>995</u></u>	<u><u>673</u></u>	<u><u>424</u></u>	<u><u>228</u></u>

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ACCOUNTANTS' REPORT ON THE GROUP

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Employee benefits expense (including directors' remuneration):					
Wages and salaries	31,895	66,984	81,685	45,401	24,340
Contributions to retirement benefits schemes	1,221	1,875	3,035	1,680	811
	33,116	68,859	84,720	47,081	25,151
Less: Amounts capitalized in construction contracts	(22,200)	(40,635)	(23,860)	(13,221)	(13,982)
	<u>10,916</u>	<u>28,224</u>	<u>60,860</u>	<u>33,860</u>	<u>11,169</u>
Cost of services and inventories recognized as an expense	401,079	490,730	425,548	206,210	305,837
Gain on fair value changes of an investment property	<u>(2,500)</u>	<u>(400)</u>	<u>(400)</u>	<u>—</u>	<u>—</u>

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

For the period ended 30 September 2007

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
<i>Executive directors</i>				
Mr. Ng Tat Leung, George	—	851	6	857
Mr. Wong Teck Ming	—	690	6	696
Mr. Lui Siu Yee, Samuel	—	486	6	492
Mr. Chan Wai Keung, Ivan	—	441	6	447
Mr. Lo Chung Sun, Simon	—	627	6	633
<i>Independent non-executive directors</i>				
Mr. Wong Lit Chor, Alexis	—	—	—	—
Mr. Lo Ka Wai	—	—	—	—
Dr. Leung Wai Cheung	—	—	—	—
Total	<u>—</u>	<u>3,095</u>	<u>30</u>	<u>3,125</u>

For the period ended 30 September 2006

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Executive directors</i>				
Mr. Ng Tat Leung, George	–	718	6	724
Mr. Wong Teck Ming	–	556	6	562
Mr. Chen Jinkui	–	–	–	–
Mr. Sun Haichao	–	–	–	–
Mr. Lui Siu Yee, Samuel	–	287	6	293
Mr. Chan Wai Keung, Ivan	–	442	6	448
Mr. Lo Chung Sun, Simon	–	531	6	537
<i>Non-executive director</i>				
Mr. Wang Xianzhang	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Lit Chor, Alexis	–	–	–	–
Mr. Lo Ka Wai	–	–	–	–
Dr. Leung Wai Cheung	–	–	–	–
Total	–	2,534	30	2,564

For the year ended 31 March 2007

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Executive directors</i>				
Mr. Ng Tat Leung, George	–	1,435	12	1,447
Mr. Wong Teck Ming	–	1,113	12	1,125
Mr. Chen Jinkui (resigned on 9 November 2006)	–	–	–	–
Mr. Sun Haichao (resigned on 9 November 2006)	–	–	–	–
Mr. Lui Siu Yee, Samuel	–	568	12	580
Mr. Chan Wai Keung, Ivan	–	883	12	895
Mr. Lo Chung Sun, Simon	–	1,062	12	1,074
<i>Non-executive director</i>				
Mr. Wang Xianzhang (resigned on 29 August 2006)	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Lit Chor, Alexis	80	–	–	80
Mr. Lo Ka Wai	80	–	–	80
Dr. Leung Wai Cheung	80	–	–	80
Total	240	5,061	60	5,361

For the year ended 31 March 2006

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Executive directors</i>				
Mr. Ng Tat Leung, George	–	1,570	12	1,582
Mr. Wong Teck Ming	–	1,233	12	1,245
Mr. Chen Jinkui	–	–	–	–
Mr. Sun Haichao	–	–	–	–
Mr. Lui Siu Yee, Samuel	–	730	12	742
Mr. Chan Wai Keung, Ivan	–	883	12	895
Mr. Lo Chung Sun, Simon	–	1,132	12	1,144
<i>Non-executive director</i>				
Mr. Wang Xianzhang	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Lit Chor, Alexis	80	–	–	80
Mr. Lo Ka Wai	80	–	–	80
Dr. Leung Wai Cheung	80	–	–	80
Total	240	5,548	60	5,848

For the year ended 31 March 2005

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Executive directors</i>				
Mr. Ng Tat Leung, George	–	1,424	12	1,436
Mr. Wong Teck Ming	–	1,113	12	1,125
Mr. Chen Jinkui	–	–	–	–
Mr. Sun Haichao	–	–	–	–
Mr. Lui Siu Yee, Samuel	–	559	12	571
Mr. Chan Wai Keung, Ivan	–	883	12	895
Mr. Lo Chung Sun, Simon	–	1,062	12	1,074
Mr. Zhang Xiaoshu (resigned on 20 September 2004)	–	–	–	–
Mr. Miao Jianmin (resigned on 31 March 2005)	–	200	–	200
Mr. Zheng Changyong (resigned on 31 March 2005)	–	200	–	200
<i>Non-executive director</i>				
Mr. Wang Xianzhang	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Lit Chor, Alexis	50	–	–	50
Mr. Lo Ka Wai	50	–	–	50
Dr. Leung Wai Cheung	50	–	–	50
Total	150	5,441	60	5,651

During the Relevant Periods, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the Relevant Periods.

The amounts of directors' emoluments which are directly attributable to construction activities and capitalized in construction contracts amounted to approximately HK\$716,000, HK\$716,000, HK\$716,000 and HK\$522,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the period ended 30 September 2007, respectively.

The directors' emoluments shown above do not include the estimated monetary value of the Group's owned premises provided rent-free to a director. The estimated rental value of such accommodation was approximately HK\$96,000, HK\$96,000, HK\$96,000 and HK\$48,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the period ended 30 September 2007, respectively.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group for each of the three years ended 31 March 2005, 2006 and 2007 and the periods ended 30 September 2006 and 2007, 4, 3, 4, 4 and 4 respectively were directors of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining individuals were as follows:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Salaries and other benefits	1,308	3,044	2,650	2,650	480
Contributions to retirement benefits schemes	12	24	5	5	6
	<u>1,320</u>	<u>3,068</u>	<u>2,655</u>	<u>2,655</u>	<u>486</u>

Their emoluments were within the following bands:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Number of individuals					
Nil-HK\$1,000,000	–	–	–	–	1
HK\$1,000,001-HK\$1,500,000	1	1	–	–	–
HK\$1,500,001-HK\$2,000,000	–	1	–	–	–
HK\$2,500,001-HK\$3,000,000	–	–	1	1	–
	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>

Compensation to key management personnel

The directors of the Company consider that they are the only key management personnel of the Group and details of their compensation have been disclosed above.

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Earnings/(Loss)					
Earnings/(Loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year/period attributable to equity holders of the Company)	14,176	(22,336)	9,519	5,597	10,041
Number of shares (in thousand)					
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	29,032	35,195	50,184	46,145	54,300

The weighted average number of ordinary shares used in the calculation of earnings per share for the year ended 31 March 2007 has accounted for the issuance of new shares pursuant to the rights issue which was completed in June 2006. The corresponding number of ordinary shares for the years ended 31 March 2005 and 2006 has been retrospectively adjusted to reflect the said rights issue.

No diluted earnings per share has been presented because the exercise price of the Company's outstanding warrants was higher than the average market price for shares for the years ended 31 March 2006 and 2007 and the periods ended 30 September 2006 and 2007.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST OR VALUATION					
At 1 April 2004	1,400	12,700	8,426	1,075	23,601
Additions	5,216	45	880	110	6,251
Disposals	–	(50)	–	(270)	(320)
Acquisition of a subsidiary	–	310	92	158	560
Revaluation	1,534	763	–	129	2,426
At 31 March 2005	8,150	13,768	9,398	1,202	32,518
Additions	–	243	203	467	913
Disposals	–	(36)	–	(225)	(261)
Revaluation	1,550	(2,047)	–	(199)	(696)
At 31 March 2006	9,700	11,928	9,601	1,245	32,474
Additions	–	39	46	206	291
Disposals	–	(2)	–	(432)	(434)
Disposal of subsidiaries	–	(469)	(1,045)	(154)	(1,668)
Revaluation	300	(1,580)	–	(195)	(1,475)
At 31 March 2007	10,000	9,916	8,602	670	29,188
Additions	–	–	10	346	356
Disposals	–	(2,491)	–	(36)	(2,527)
At 30 September 2007	<u>10,000</u>	<u>7,425</u>	<u>8,612</u>	<u>980</u>	<u>27,017</u>
Analysis of cost or valuation					
At 31 March 2005					
At cost	–	–	9,398	–	9,398
At valuation	8,150	13,768	–	1,202	23,120
	<u>8,150</u>	<u>13,768</u>	<u>9,398</u>	<u>1,202</u>	<u>32,518</u>
At 31 March 2006					
At cost	–	–	9,601	–	9,601
At valuation	9,700	11,928	–	1,245	22,873
	<u>9,700</u>	<u>11,928</u>	<u>9,601</u>	<u>1,245</u>	<u>32,474</u>
At 31 March 2007					
At cost	–	–	8,602	–	8,602
At valuation	10,000	9,916	–	670	20,586
	<u>10,000</u>	<u>9,916</u>	<u>8,602</u>	<u>670</u>	<u>29,188</u>

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	Leasehold buildings HK\$'000	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 30 September 2007					
At cost	–	–	8,612	–	8,612
At valuation	10,000	7,425	–	980	18,405
	<u>10,000</u>	<u>7,425</u>	<u>8,612</u>	<u>980</u>	<u>27,017</u>
DEPRECIATION					
At 1 April 2004	–	–	7,015	–	7,015
Provided for the year	149	2,728	722	479	4,078
Acquisition of a subsidiary	–	25	5	20	50
Eliminated on revaluation	(149)	(2,753)	–	(499)	(3,401)
	<u>–</u>	<u>–</u>	<u>7,742</u>	<u>–</u>	<u>7,742</u>
At 31 March 2005	–	–	7,742	–	7,742
Provided for the year	178	3,774	735	764	5,451
Eliminated on revaluation	(178)	(3,774)	–	(764)	(4,716)
	<u>–</u>	<u>–</u>	<u>8,477</u>	<u>–</u>	<u>8,477</u>
At 31 March 2006	–	–	8,477	–	8,477
Provided for the year	242	3,763	484	399	4,888
Eliminated on disposal of subsidiaries	–	(48)	(971)	(17)	(1,036)
Eliminated on revaluation	(242)	(3,715)	–	(382)	(4,339)
	<u>–</u>	<u>–</u>	<u>7,990</u>	<u>–</u>	<u>7,990</u>
At 31 March 2007	–	–	7,990	–	7,990
Provided for the period	250	1,806	164	208	2,428
	<u>250</u>	<u>1,806</u>	<u>8,154</u>	<u>208</u>	<u>10,418</u>
At 30 September 2007	<u>250</u>	<u>1,806</u>	<u>8,154</u>	<u>208</u>	<u>10,418</u>
CARRYING AMOUNTS					
At 30 September 2007	<u>9,750</u>	<u>5,619</u>	<u>458</u>	<u>772</u>	<u>16,599</u>
At 31 March 2007	<u>10,000</u>	<u>9,916</u>	<u>612</u>	<u>670</u>	<u>21,198</u>
At 31 March 2006	<u>9,700</u>	<u>11,928</u>	<u>1,124</u>	<u>1,245</u>	<u>23,997</u>
At 31 March 2005	<u>8,150</u>	<u>13,768</u>	<u>1,656</u>	<u>1,202</u>	<u>24,776</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold buildings:	Over the lease terms
Plant and machinery:	10%
Furniture and equipment:	20%
Motor vehicles:	20%

At the balance sheet dates, the Group's leasehold buildings were situated in Hong Kong and held under medium term leases, which were pledged to secure general banking facilities granted to the Group.

The Group's leasehold buildings were revalued on 31 March 2007 at HK\$10,000,000 (2006: HK\$9,700,000; 2005: HK\$8,150,000) by AA Property Services Limited, independent qualified professional valuers not connected with the Group. AA Property Services Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was performed on an open market, vacant possession basis with reference to comparable market transactions. The gain on revaluation of approximately HK\$542,000 (2006: HK\$1,728,000; 2005: HK\$1,683,000) was credited to the assets revaluation reserve.

The fair value of the Group's plant and machinery at 31 March 2007 of approximately HK\$9,916,000 (2006: HK\$11,928,000; 2005: HK\$13,768,000) was arrived at on the basis of a valuation carried out at that date by AA Property Services Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK\$2,135,000 (2006: HK\$1,785,000; 2005: HK\$3,516,000) was credited to the assets revaluation reserve, and a loss on revaluation of approximately HK\$58,000 was charged to the consolidated income statement for the year ended 31 March 2006.

The fair value of the Group's motor vehicles at 31 March 2007 of approximately HK\$670,000 (2006: HK\$1,245,000; 2005: HK\$1,202,000) was arrived at on the basis of a valuation carried out at that date by AA Property Services Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK\$198,000 (2006: HK\$565,000; 2005: HK\$628,000) was credited to the assets revaluation reserve and a loss on revaluation of approximately HK\$11,000 was charged to the consolidated income statement for the year ended 31 March 2007.

The directors consider that the carrying values of furniture and equipment at the balance sheet dates approximate their fair values and, in view of the immateriality of the individual amount involved, a professional valuation has not been carried out on these assets.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments at the balance sheet dates represented leasehold land in Hong Kong held under medium-term leases. The leasehold land was amortized on a straight-line basis over the remaining term of leases.

16. INVESTMENT PROPERTY

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
FAIR VALUE				
Balance brought forward	1,500	4,000	4,400	4,800
Increase in fair value	2,500	400	400	—
	<u>4,000</u>	<u>4,400</u>	<u>4,800</u>	<u>4,800</u>
Balance carried forward	<u>4,000</u>	<u>4,400</u>	<u>4,800</u>	<u>4,800</u>

The fair value of the Group's investment property at 31 March 2007 has been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, independent qualified professional valuers not connected with the Group. AA Property Services Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to comparable market transactions.

All of the Group's property interests held under operating leases to earn rentals purposes are measured using the fair value model and are classified and accounted for as investment properties.

At the balance sheet dates, the Group's investment property was located in Hong Kong and held under medium term lease, which was pledged to secure general banking facilities granted to the Group.

17. GOODWILL

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
COST AND CARRYING AMOUNTS				
Balance brought forward	1,943	2,308	2,308	1,943
Acquisition of a subsidiary	365	–	–	–
Eliminated on disposal of a subsidiary	–	–	(365)	–
Balance carried forward	<u>2,308</u>	<u>2,308</u>	<u>1,943</u>	<u>1,943</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Landscaping				
– Design Landscapes International (HK) Company Limited (single CGU)	365	365	–	–
Trading of plastic products				
– Supertact Plastics Company Limited (single CGU)	<u>1,943</u>	<u>1,943</u>	<u>1,943</u>	<u>1,943</u>
	<u>2,308</u>	<u>2,308</u>	<u>1,943</u>	<u>1,943</u>

The recoverable amount of the trading of plastic products CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 5% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 7.5% per annum growth rate, which are determined by management based on past performance and its expectation of market development.

18. INTERESTS IN ASSOCIATES

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Share of net assets	2,454	442	874	106
Amounts due from associates	<u>9,870</u>	<u>18,862</u>	<u>31,243</u>	<u>30,853</u>
	12,324	19,304	32,117	30,959
Less: Amounts due from associates classified as current	<u>(1,554)</u>	<u>(1,600)</u>	<u>(11,078)</u>	<u>(9,533)</u>
	<u>10,770</u>	<u>17,704</u>	<u>21,039</u>	<u>21,426</u>

Particulars of the Group's principal associates are as follows:

Name	Form of business structure	Place of incorporation and operations	Equity interests attributable to the Group				Principal activities
			As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 30 September 2007	
CLJV Limited	Limited liability company	Hong Kong	50%	–	–	–	Property investment
Design Landscapes International (HK) Company Limited	Limited liability company	Hong Kong	–	–	50%	50%	Provision of landscaping services
Design Landscapes International (Group) Company Limited	Limited liability company	Hong Kong	50%	50%	50%	50%	Provision of landscaping services
Aquatec International Limited	Limited liability company	Hong Kong	24%	–	–	–	Provision of cooling tower water management treatment service
King Fine Development Limited	Limited liability company	Hong Kong	35%	35%	35%	35%	Property development
Powerluck Properties Limited	Limited liability company	BVI	–	35%	35%	35%	Property development
Hypsos Leisure Asia Limited	Limited liability company	Hong Kong	–	42.5%	42.5%	42.5%	Exhibition project management

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarized financial information in respect of the Group's associates is set out below:

	As at and for the year ended 31 March 2005 HK\$'000	As at and for the year ended 31 March 2006 HK\$'000	As at and for the year ended 31 March 2007 HK\$'000	As at and for the period ended 30 September 2007 HK\$'000
Total assets	26,886	79,714	196,507	203,043
Total liabilities	27,405	78,760	196,326	204,331
Revenue	22,047	721	71,110	21,346
Loss for the year/period	<u>1,578</u>	<u>980</u>	<u>8,945</u>	<u>916</u>

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Interests in jointly-controlled entities	<u>46,107</u>	<u>37,621</u>	<u>9,309</u>	<u>5,026</u>

Particulars of the Group's principal jointly-controlled entities are as follows:

Name	Form of business structure	Place of incorporation and operations	Equity interests attributable to the Group				Principal activities
			As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 30 September 2007	
AWG-JV Limited	Limited liability company	Hong Kong	50%	50%	50%	–	Foundation piling works
Costain-China Harbour Joint Venture	Unincorporated	Hong Kong	40%	40%	40%	40%	Foundation piling works
CCL Joint Venture	Unincorporated	Hong Kong	33%	33%	–	–	Superstructure construction
CHEC-CWF Limited	Limited liability company	Hong Kong	–	30%	30%	30%	Highway maintenance
China Harbour-Transfield Joint Venture	Unincorporated	Hong Kong	15.3%	15.3%	15.3%	15.3%	Drainage improvement
W. Hing-Kentech Joint Venture	Unincorporated	Hong Kong	70%	70%	–	–	Superstructure construction
MLL-CWF Joint Venture	Unincorporated	Hong Kong	40%	40%	40%	40%	Foundation piling works
China Harbour-CWF Joint Venture	Unincorporated	Hong Kong	49%	49%	49%	49%	Foundation piling works
Veolia Water (Zhuhai) Wastewater Treatment Company Limited	Sino-foreign co-operative joint venture	PRC	24%	40%	40%	40%	Provision of wastewater treatment service
Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited	Sino-foreign co-operative joint venture	PRC	23.4%	39%	39%	39%	Provision of wastewater treatment management service

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

The summarized financial information in respect of the Group's jointly-controlled entities is set out below:

	As at and for the year ended 31 March 2005 HK\$'000	As at and for the year ended 31 March 2006 HK\$'000	As at and for the year ended 31 March 2007 HK\$'000	As at and for the period ended 30 September 2007 HK\$'000
Total assets	285,772	365,215	378,923	384,619
Total liabilities	174,155	261,489	365,967	390,912
Revenue	144,088	248,398	412,994	299,129
Profit/(Loss) for the year/period	<u>13,320</u>	<u>13,694</u>	<u>(68,134)</u>	<u>(17,394)</u>

20. AVAILABLE-FOR-SALE INVESTMENT

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Unlisted equity securities, at cost	<u>–</u>	<u>1</u>	<u>1</u>	<u>1</u>

Notes:

- (i) The Group holds 8% of the issued share capital of Wealthy Star Development Limited, a limited liability company incorporated in Hong Kong which is principally engaged in property development. The Group's investment in Wealthy Star Development Limited is measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.
- (ii) The amount due from an investee entity, Wealthy Star Development Limited, of approximately HK\$13,164,000, HK\$16,604,000 and HK\$17,136,000 at 31 March 2006 and 2007 and 30 September 2007, respectively is unsecured, interest-free and has no fixed terms of repayment.

21. ACCOUNTS RECEIVABLE

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Accounts receivable, with aged analysis				
0-90 days	75,267	55,673	45,153	63,227
91-180 days	965	743	276	25
181-365 days	1,405	651	70	599
Over 365 days	<u>37,261</u>	<u>34,783</u>	<u>29,715</u>	<u>28,196</u>
	114,898	91,850	75,214	92,047
Less: accumulated impairment	<u>(26,505)</u>	<u>(28,712)</u>	<u>(27,333)</u>	<u>(27,831)</u>
	<u>88,393</u>	<u>63,138</u>	<u>47,881</u>	<u>64,216</u>
Contract retention receivables				
Retentions held by contract customers	40,017	45,319	33,606	33,753
Less: accumulated impairment	<u>(12,878)</u>	<u>(12,549)</u>	<u>(9,859)</u>	<u>(9,859)</u>
	27,139	32,770	23,747	23,894
Less: contract retention receivables classified as non-current assets	<u>(6,762)</u>	<u>(3,963)</u>	<u>(2,154)</u>	<u>(5,752)</u>
Retentions held by contract customers included in accounts receivable under current assets	<u>20,377</u>	<u>28,807</u>	<u>21,593</u>	<u>18,142</u>
Amounts due from contract customers	<u>22,384</u>	<u>22,608</u>	<u>25,883</u>	<u>29,038</u>
Total accounts receivable as shown under current assets	<u>131,154</u>	<u>114,553</u>	<u>95,357</u>	<u>111,396</u>

The Group's credit terms for its contracting business are negotiated with contract customers. Accounts receivable of a non-retention nature are generally due within 30 days of certification by independent architects as to the value of the contract works performed and claimed by the Group in its interim applications for progress payment.

Retentions are due on the expiration of contract maintenance/defects liability period, which is determined in accordance with relevant contract terms and generally stipulated as 181 days to 365 days from the date of practical completion of the contract works.

Included in accounts receivable are amounts due from contract customers which represent the excess of contract costs incurred to date by the Group plus recognized profits, less recognized losses and progress billings raised by the Group for respective contracts at the balance sheet dates:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Contract costs incurred plus recognized profits less recognized losses to date	406,766	416,749	844,087	882,116
Less: progress billings	<u>(384,382)</u>	<u>(394,141)</u>	<u>(818,204)</u>	<u>(853,078)</u>
Amounts due from contract customers	<u>22,384</u>	<u>22,608</u>	<u>25,883</u>	<u>29,038</u>

Included in the Group's accounts receivable are the following amounts due from associates and a jointly-controlled entity of the Group which are unsecured, interest-free and payable on similar credit terms to those offered to other major customers of the Group. The receivables arose from the undertaking of construction contract works during the Relevant Periods.

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Associates	<u>—</u>	<u>3,423</u>	<u>6,087</u>	<u>1,582</u>
Jointly-controlled entity	<u>10,754</u>	<u>5,363</u>	<u>1,163</u>	<u>178</u>

22. OTHER RECEIVABLES

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Prepayments, deposits and other receivables	4,854	2,320	2,794	4,531
Amounts due from jointly-controlled entities	8,417	5,171	8,652	14,024
Amounts due from associates	1,554	1,600	11,078	9,533
Amounts due from minority shareholders	2,428	4,607	4,463	4,463
Amount due from a related company	<u>1,895</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>19,148</u>	<u>13,698</u>	<u>26,987</u>	<u>32,551</u>

The amounts due from jointly-controlled entities, associates, minority shareholders and a related company are unsecured, interest-free and have no fixed terms of repayment.

23. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits and bank balances at the balance sheet dates were mainly denominated in Hong Kong dollars and United States dollars and carried interest at prevailing market rate.

24. ACCOUNTS PAYABLE

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Accounts payable, with aged analysis				
0-90 days	56,483	36,806	32,515	36,011
91-180 days	2,043	5,596	3,646	7,747
181-365 days	2,860	8,050	4,746	8,955
Over 365 days	<u>21,522</u>	<u>24,450</u>	<u>20,820</u>	<u>16,292</u>
	82,908	74,902	61,727	69,005
Amounts due to contract customers	<u>24,268</u>	<u>26,019</u>	<u>11,856</u>	<u>25,925</u>
Total accounts payable as shown under current liabilities	<u>107,176</u>	<u>100,921</u>	<u>73,583</u>	<u>94,930</u>

Included in accounts payable are amounts due to contract customers which represent the excess of progress billings raised by the Group for the respective contracts over the contract costs incurred to date by the Group plus recognized profits less recognized losses at the balance sheet dates:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Contract costs incurred plus recognized profits less recognized losses to date	802,652	430,520	308,331	384,326
Less: progress billings	<u>(826,920)</u>	<u>(456,539)</u>	<u>(320,187)</u>	<u>(410,251)</u>
Amounts due to contract customers	<u>(24,268)</u>	<u>(26,019)</u>	<u>(11,856)</u>	<u>(25,925)</u>

25. OTHER PAYABLES

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Other payables and accruals	5,011	4,957	4,278	4,193
Amounts due to jointly-controlled entities	6,342	7,808	2,592	2,591
Amounts due to minority shareholders	15,106	1,043	1,041	1,041
Amounts due to associates	2,457	—	—	—
	<u>28,916</u>	<u>13,808</u>	<u>7,911</u>	<u>7,825</u>

The amounts due to jointly-controlled entities, minority shareholders and associates are unsecured, interest-free and have no fixed terms of repayment.

26. BANK BORROWINGS, SECURED

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Mortgage loan	—	4,305	3,504	3,155
Term loan	—	1,620	—	—
Trust receipt loans	3,680	13,116	—	—
Bank overdrafts	3,707	64	—	—
	<u>7,387</u>	<u>19,105</u>	<u>3,504</u>	<u>3,155</u>

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Carrying amount repayable:				
On demand or within one year	7,387	15,602	846	868
More than one year, but not exceeding two years	—	801	848	868
More than two years, but not more than five years	—	2,405	1,810	1,419
More than five years	—	297	—	—
	<u>7,387</u>	<u>19,105</u>	<u>3,504</u>	<u>3,155</u>
Less: Amounts due within one year shown under current liabilities	<u>(7,387)</u>	<u>(15,602)</u>	<u>(846)</u>	<u>(868)</u>
	<u>—</u>	<u>3,503</u>	<u>2,658</u>	<u>2,287</u>

The mortgage loan at 30 September 2007 was denominated in Hong Kong dollars and its effective interest rate was 6.25% per annum.

At 30 September 2007, the Group's bank borrowings and banking facilities were supported by the following:

- (i) legal charges over the Group's leasehold land and buildings situated in Hong Kong, with carrying value of approximately HK\$9,750,000;
- (ii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK\$4,800,000;
- (iii) pledged deposits of approximately HK\$16,675,000 of the Group;
- (iv) corporate guarantees executed by the Company in respect of banking facilities granted to certain subsidiaries of the Company; and
- (v) cross guarantees amongst certain subsidiaries of the Company.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business and the fair value of the corporate guarantees granted by the Company is immaterial.

27. DEFERRED TAXATION

The following are the major deferred tax balances recognized and movements thereon during the Relevant Periods:

Deferred tax liabilities

	Accelerated tax depreciation HK\$'000	Revaluation of assets HK\$'000	Total HK\$'000
At 1 April 2004	312	1,788	2,100
Credit to consolidated income statement for the year	(60)	–	(60)
Credit to equity for the year	–	(237)	(237)
At 31 March 2005	252	1,551	1,803
Credit to consolidated income statement for the year	(392)	–	(392)
Charge to equity for the year	–	221	221
At 31 March 2006	(140)	1,772	1,632
Charge to consolidated income statement for the year	140	–	140
Charge to equity for the year	–	1,040	1,040
At 31 March 2007	–	2,812	2,812
Charge to consolidated income statement for the period	–	–	–
Credit to equity for the period	–	(734)	(734)
At 30 September 2007	–	2,078	2,078

Deferred tax assets

	Tax losses	Decelerated tax depreciation	Revaluation of assets	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2004	2,672	14	124	2,810
Charge to consolidated income statement for the year	(857)	(14)	–	(871)
At 31 March 2005	1,815	–	124	1,939
Charge to consolidated income statement for the year	(804)	–	–	(804)
At 31 March 2006	1,011	–	124	1,135
Credit/(charge) to consolidated income statement for the year	(403)	356	–	(47)
At 31 March 2007	608	356	124	1,088
Charge to consolidated income statement for the period	(2)	(37)	–	(39)
At 30 September 2007	<u>606</u>	<u>319</u>	<u>124</u>	<u>1,049</u>

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 30 September 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax liabilities	15	609	1,828	1,259
Deferred tax assets	(151)	(112)	(104)	(439)
	<u>(136)</u>	<u>497</u>	<u>1,724</u>	<u>820</u>

At 31 March 2007, the Group has unused tax losses of HK\$40,091,000 available for offset against future profits. A deferred tax asset has been recognized in respect of approximately HK\$3,474,000 of such losses. No deferred tax asset has been recognized in respect of the remaining HK\$36,617,000 due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

28. CONVERTIBLE NOTES

On 12 May 2004, the Company entered into a conditional subscription agreement with Grand Legend Limited and Mr. Lo Chun Yang in respect of the subscription of a convertible note with an aggregate principal amount of HK\$11,500,000. The convertible note was interest bearing at the rate of 1% per annum on the outstanding principal amount of the convertible note from its date of issue to the maturity date, which was eighteen calendar months after its date of issue. The convertible note may be converted at the option of the subscriber at a conversion price of HK\$0.20 per ordinary share at any time after its date of issue and up to the maturity date. Completion of the note subscription agreement took place in June 2004. During the year ended 31 March 2006, the convertible note was converted in full by the subscriber at a conversion price of HK\$0.20 per share and accordingly, 57,500,000 new shares of HK\$0.10 each

in the capital of the Company were issued to the subscriber. All shares issued upon conversion ranked pari passu in all respects with the then existing shares of the Company. The convertible note contained two components, liability and equity element. The equity element is presented in equity heading "Convertible loan note equity reserve". The effective interest rate of the liability component was 5.13% per annum.

On 7 May 2007, the Company entered into a conditional subscription agreement with Best Time International Limited in respect of the subscription of a convertible note with an aggregate principal amount of HK\$15,000,000. The convertible note was interest-bearing at the rate of 1% per annum on the outstanding principal amount of the convertible note from its date of issue to the maturity date, which was the second anniversary from its date of issue. The convertible note may be converted at the option of the subscriber at a conversion price of HK\$1.50 per ordinary share at any time after its date of issue and up to the maturity date. On 29 August 2007, the convertible note was redeemed at the principal amount of HK\$15,000,000. No interest expense was incurred on redemption.

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Liability component at beginning of the year/period	–	11,218	–	–
Liability component at date of issue	10,828	–	–	15,000
Interest charged	493	68	–	–
Interest paid	(103)	(14)	–	–
Conversion of convertible note	–	(11,272)	–	–
Redemption of convertible note	–	–	–	(15,000)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(15,000)</u>
Liability component at end of the year/period	<u>11,218</u>	<u>–</u>	<u>–</u>	<u>–</u>

29. SHARE CAPITAL

	Notes	Number of shares	Share capital HK\$'000
Authorized			
At 1 April 2004, 31 March 2005 and 31 March 2006 (Ordinary shares of HK\$0.1 each)		1,000,000,000	100,000
Share consolidation	(b)	<u>(900,000,000)</u>	<u>–</u>
At 31 March 2007 and 30 September 2007 (Ordinary shares of HK\$1 each)		<u>100,000,000</u>	<u>100,000</u>
Issued and fully paid			
At 1 April 2004 and 31 March 2005 (Ordinary shares of HK\$0.1 each)		287,500,000	28,750
Issue of shares upon conversion of convertible notes		57,500,000	5,750
Issue of shares for acquisition of additional interest in a subsidiary		<u>17,000,000</u>	<u>1,700</u>
At 31 March 2006 and 1 April 2006 (Ordinary shares of HK\$0.1 each)		362,000,000	36,200
Share consolidation	(b)	<u>(325,800,000)</u>	<u>–</u>
Rights issue	(c)	<u>18,100,000</u>	<u>18,100</u>
At 31 March 2007 and 30 September 2007 (Ordinary shares of HK\$1 each)		<u>54,300,000</u>	<u>54,300</u>

Notes:

- (a) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at a warrant issue price of HK\$0.20 per warrant as part of the purchase consideration for acquisition of additional interest in a subsidiary. The warrants were issued to Complete Success Limited in registered form and constituted by a warrant instrument, and rank *pari passu* in all respects among themselves. Each warrant carries the right to subscribe for one share of HK\$1.00 each in the capital of the Company at an adjusted subscription price of HK\$2.64 per share.
- (b) Pursuant to the resolutions passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, every 10 ordinary shares of HK\$0.10 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$1.00.
- (c) In June 2006, the Company completed a rights issue by issuing 18,100,000 shares of HK\$1.00 each at the subscription price of HK\$1.00 per share.

30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity"). Eligible participants of the Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any technical, financial and legal professional advisers engaged by the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The Scheme became effective on 28 August 2002 and unless otherwise terminated or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue on 28 August 2002. Share options which lapse in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme, save that the total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and

with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, are subject to prior shareholders' approval in a general meeting. The offer of a grant of share options shall be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Company has not granted any share options during the Relevant Periods. At 30 September 2007, there were no outstanding share options.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(i) Acquisition of additional interest in a subsidiary for the year ended 31 March 2006

On 21 June 2005, Wing Hing Group (BVI) Limited ("Wing Hing BVI"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "Acquisition Agreement") with Complete Success Limited. Pursuant to the Acquisition Agreement, Wing Hing BVI agreed to acquire from Complete Success Limited four shares of HK\$1.00 each in the capital of CSP (HK) Limited ("CSP"), representing 40% of the entire issued share capital of CSP, and the shareholder's loan of HK\$14,063,184.68 owed by CSP to Complete Success Limited, at an aggregate consideration of HK\$14,063,188.68.

Prior to the entering into of the Acquisition Agreement, CSP was owned as to 60% and 40% by Wing Hing BVI and Complete Success Limited, respectively. Complete Success Limited, being a substantial shareholder of CSP, was a connected person of the Company and the transaction constituted a discloseable and connected transaction on the part of the Company under the Listing Rules. The resolutions in respect of the transaction were duly passed by the Company's shareholders at the special general meeting of the Company held on 25 August 2005.

The aggregate consideration was satisfied as to:

- (a) HK\$3,400,000 by Wing Hing BVI procuring the Company to allot and issue 17,000,000 new shares of HK\$0.10 each in the capital of the Company ("Consideration Shares") to Complete Success Limited, credited as fully paid, at a price of HK\$0.20 per Consideration Share;
- (b) HK\$1,000,000 by Wing Hing BVI procuring the Company to issue the unlisted warrants to Complete Success Limited;
- (c) HK\$4,946,207.55 by Wing Hing BVI paying in cash to Complete Success Limited; and
- (d) HK\$4,716,981.13 by Wing Hing BVI paying in cash to Veolia Water (Zhuhai) Wastewater Treatment Company Limited ("Veolia Water (Zhuhai)" – a jointly-controlled entity of the Group) to settle the loan of HK\$4,716,981 owed by Complete Success Limited to Veolia Water (Zhuhai).

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of additional interest in CSP is as follows:

	<i>Notes</i>	Year ended 31 March 2006 HK\$'000
Total consideration satisfied by:		
Issue of Consideration Shares	<i>(a)</i>	3,400
Issue of warrants	<i>(b)</i>	1,000
Total non-cash consideration		4,400
Cash consideration	<i>(c)</i>	4,946
Cash consideration	<i>(d)</i>	4,717
Net outflow of cash and cash equivalents in respect of the acquisition of additional interest in CSP		9,663
Total consideration		14,063

In the opinion of the directors, the net fair value of assets, liabilities and contingent liabilities of CSP as at the date of the aforesaid acquisition was insignificant.

(ii) Disposal of subsidiaries

On 13 July 2006, W. Hing Construction Company Limited ("WH Construction"), a wholly-owned subsidiary of the Company, entered into a conditional subscription agreement dated 13 July 2006 with Design Landscapes International (HK) Company Limited ("Design Landscapes"), pursuant to which WH Construction agreed to subscribe for 42,711 new shares of Design Landscapes for an aggregate cash consideration of HK\$93,110. On the same day, Mr Keith Jeferey Dood, an independent third party, entered into another conditional subscription agreement dated 13 July 2006 with Design Landscapes, pursuant to which Mr. Dood agreed to subscribe for 67,511 new shares of Design Landscapes for an aggregate cash consideration of HK\$147,174. Upon completion of the aforesaid subscription agreements, the interest of WH Construction in Design Landscapes was reduced from 51% to approximately 50%. Accordingly, the results of Design Landscapes were consolidated up to August 2006 and accounted for as an associate of the Group thereafter.

On 18 October 2006, Wing Hing BVI entered into a sale and purchase agreement with an independent third party pursuant to which Wing Hing BVI 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 ceased to hold any equity interests in Anpoint.

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000
Net assets/(liabilities) disposed of:			
Property, plant and equipment	–	–	632
Accounts receivable	–	–	16,026
Other receivables	–	–	219
Bank balances and cash	9	–	13,916
Accounts payable	–	–	(16,337)
Other payables and accruals	–	–	(201)
Amount due to a related company	(101)	–	–
Amounts due to associates	–	–	(10,009)
Amounts due to minority shareholders	–	–	(2)
Tax liabilities	–	–	(1,156)
Minority interests	–	–	(3,382)
	(92)	–	(294)
Attributable goodwill	–	–	365
Release of assets revaluation reserves	–	–	(78)
	(92)	–	(7)
Gain on disposal of subsidiaries	92	–	3,843
	<u>–</u>	<u>–</u>	<u>3,836</u>
Satisfied by:			
Interest in associates	–	–	3,929
Cash consideration paid for acquisition of new shares of an associate	–	–	(93)
	<u>–</u>	<u>–</u>	<u>3,836</u>
Net cash outflow arising on disposal:			
Cash consideration paid for acquisition of new shares of an associate	–	–	93
Bank balances and cash disposed of	(9)	–	13,916
	<u>(9)</u>	<u>–</u>	<u>14,009</u>

(iii) Acquisition of subsidiaries

	Year ended 31 March 2005 HK\$'000
Net assets acquired:	
Property, plant and equipment	510
Accounts receivable	5,578
Other receivables	126
Bank balances and cash	825
Amounts due to related companies	(2,717)
Accounts payable	(3,813)
Minority interests	(250)
	<u>259</u>
Goodwill on acquisition	<u>456</u>
	<u><u>715</u></u>
Satisfied by:	
Cash	532
Reclassification to interests in subsidiaries from interests in associates	183
	<u>715</u>
Net cash inflow arising on acquisition:	
Cash consideration	(532)
Bank balances and cash acquired	825
	<u>293</u>

32. OPERATING LEASES

The Group as lessee

At the balance sheet dates, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Within one year	<u>112</u>	<u>391</u>	<u>28</u>	<u>84</u>

The Group as lessor

At the balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Within one year	<u>56</u>	<u>9</u>	<u>—</u>	<u>—</u>

33. CONTINGENT LIABILITIES

- (i) At 30 September 2007, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK\$41,502,000. In addition, at 30 September 2007, the Company had executed guarantees in favor of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China-Harbour-CWF Joint Venture, with original contract sum of approximately HK\$85,392,000.

At 30 September 2007, the Company had executed guarantees for approximately HK\$36,000,000 and HK\$44,100,000 in respect of the general banking facilities granted to CHEC-CWF Limited (a jointly-controlled entity in which the Group has 30% equity interests) and King Fine Development Limited (an associate in which the Group has 35% equity interests), respectively.

At 30 September 2007, the Company had executed guarantees for approximately HK\$73,760,000 in respect of the general banking facilities granted to Wealthy Star Development Limited (an investee entity in which the Group has 8% equity interest).

- (ii) At 30 September 2007, certain subsidiaries of the Company had provided undertakings of financial support to certain of the Group's jointly-controlled entities in proportion to their equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due. The Group's share of the net deficiency in assets of these jointly-controlled entities at 30 September 2007 has already been accounted for in presenting the financial information.
- (iii) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to completion of contract works as a result of allegation of non-conforming piles. In the previous year, the contract customer demanded from the Group the retrenchment of HK\$5 million of the contract fees received by the Group, as compensation for early termination of the contract works. In prior years, the contract customer was in the process of undergoing a court compulsory winding-up and the provisional liquidator of the contract customer requested payment of HK\$8 million from the Group. Having considered legal counsel's advice, the directors are of the opinion that the claim is unlikely to succeed. Accordingly, no provision has been made.
- (iv) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$2.6 million at 30 September 2007. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognized in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

- (v) The Group was previously engaged in early 2000 in the undertaking of a piling work contract. In 2001, the Group made a claim against the main contractor of HK\$7 million for variation orders in addition to the original contract sum. In prior years, the main contractor submitted a counterclaim of HK\$44 million for additional costs incurred due to wrongful repudiation of the subcontract. Having considered the legal counsel's advice, the directors are of the opinion that the Group has a good chance of defending the counterclaim. Accordingly, the directors consider that a provision for the counterclaim is not necessary.
- (vi) A number of claims have been brought against the Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The directors believe that any liabilities of the Group in respect of such claims will be covered either by the Group's insurance policies, or that the Group has a meritorious defense against such claims. Accordingly, the directors do not believe that these claims will have any material adverse impact on the Group and therefore no provisions have been made.

34. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees. The total amount contributed by the Group to the scheme and charged to the consolidated income statement amounted to approximately HK\$1,221,000, HK\$1,875,000, HK\$3,035,000, HK\$1,680,000 and HK\$811,000 for each of the three years ended 31 March 2005, 2006 and 2007 and the periods ended 30 September 2006 and 2007, respectively. At 30 September 2007, there were no forfeited contributions available for the Group to offset contributions payable in future years.

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial information, the Group had the following significant related party transactions during the Relevant Periods:

		Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Period ended 30 September 2006	Period ended 30 September 2007
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Service fee income from jointly						
– controlled entities	(i)	(1,716)	(9,630)	(40,366)	(23,709)	(3,401)
Service fee income from associates	(i)	(865)	(125)	(370)	(138)	(1,708)
Sales of materials to a jointly						
– controlled entity	(ii)	(11,544)	(12,406)	(12,123)	(6,679)	(5,173)
Purchases of finished goods from a						
jointly-controlled entity	(ii)	16,780	18,505	18,473	10,235	9,338
Subcontracting fee paid to a						
jointly-controlled entity	(iii)	23,278	6,849	–	–	–
Contract sum received and receivable from						
jointly-controlled entities	(iv)	(93,804)	(3,473)	(304)	–	–
Contract sum received and receivable						
from an associate	(iv)	–	–	(685)	(435)	–

Notes:

- (i) The service fee income was charged in relation to the provision of management and consultancy services and labors in respect of the undertaking of construction works. The service charge was made on a cost recovery basis.
- (ii) The sales of materials and purchases of finished goods were made in accordance with terms mutually agreed between the parties.
- (iii) The subcontracting fee was paid in accordance with terms mutually agreed between the parties.
- (iv) The contract sum was received for construction contracts subcontracted to the Group. The contract fees were charged in accordance with terms mutually agreed between the parties.

II. SUBSEQUENT EVENTS

- (a) On 10 January 2008, CWS International Trading Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Ms. Liu Pui Lan, pursuant to which CWS International Trading Limited agreed to acquire and Ms. Liu Pui Lan agreed to sell the sale share (representing the entire issued share capital of Farrell Global Limited) and the sale loan (representing all obligations, liabilities and debts owing or incurred by Farrell Global Limited to Ms. Liu Pui Lan on or at any time prior to completion of the aforesaid transaction) for a total consideration of HK\$250,000,000. The transaction constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Company's shareholders at a special general meeting of the Company.
- (b) On 28 February 2008, the Company entered into a conditional sale and purchase agreement with Heart Ace Limited pursuant to which Heart Ace Limited agreed to acquire and the Company agreed to sell the sale shares (representing the entire issued share capital of Wing Hing Group (BVI) Limited, a wholly owned subsidiary of the Company) and the sale loan (representing all obligations, liabilities and debts owing or incurred by Wing Hing Group (BVI) Limited to the Company on or at any time prior to completion of the aforesaid transaction) for a total consideration of HK\$171,000,000. The underlying assets to be disposed by the Company comprise the Company's interests in the entire issued share capital of Wing Hing Group (BVI) Limited, the entire issued share capital of Sunny Engineering Limited, the entire issued share capital of CSP (HK) Limited, 35% of the issued share capital of King Fine Development Limited, 8% of the issued share capital of Wealthy Star Development Limited, 39% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited and 40% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Company Limited (collectively referred to as the "Disposed Assets"). The transaction constitutes a very substantial disposal and connected transaction on the part of the Company under the Listing Rules and is subject to the approval of the Company's independent shareholders at a special general meeting of the Company.

- (i) Included in the consolidated income statements of the Group are the results attributable to the Disposed Assets during the Relevant Periods which are presented on a combined basis after elimination of intra-entity transactions:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Revenue	49,628	3,473	304	–	–
Cost of sales	(49,429)	(3,202)	(271)	–	(6)
Gross profit	199	271	33	–	(6)
Other income	123	433	265	57	–
Other gains and losses	772	400	453	–	1,509
Administrative and operating expenses	(1,534)	(1,028)	(1,167)	(471)	(711)
Share of profits less losses of associates	395	(1)	–	–	–
Share of profits less losses of jointly-controlled entities	(3)	(5,086)	(7,133)	317	(4,533)
Finance costs	–	(68)	(253)	(135)	(88)
Loss before tax	(48)	(5,079)	(7,802)	(232)	(3,829)
Income tax	(49)	(307)	(174)	87	(165)
Loss for the year/period	<u>(97)</u>	<u>(5,386)</u>	<u>(7,976)</u>	<u>(145)</u>	<u>(3,994)</u>

- (ii) Included in the consolidated balance sheets of the Group are the assets and liabilities attributable to the Disposed Assets at the balance sheet dates which are presented on a combined basis after elimination of intra-entity transactions:

	As at 31 March 2005 HK\$'000	As at 31 March 2006 HK\$'000	As at 31 March 2007 HK\$'000	As at 30 September 2007 HK\$'000
Non-current assets				
Property, plant and equipment	21,727	21,151	19,696	15,334
Prepaid lease payments	709	692	675	667
Investment property	4,000	4,400	4,800	4,800
Interests in associates	8,317	17,262	20,165	21,320
Interests in jointly-controlled entities	33,632	28,546	21,414	16,880
Available-for-sale investment	–	1	1	1
Amount due from an investee entity	–	13,164	16,604	17,136
	<u>68,385</u>	<u>85,216</u>	<u>83,355</u>	<u>76,138</u>
Current assets				
Accounts receivable	6,055	5,331	1,178	192
Other receivables	246	24	31	2,031
Bank balances and cash	231	231	746	967
	<u>6,532</u>	<u>5,586</u>	<u>1,955</u>	<u>3,190</u>
Current liabilities				
Accounts payable	6,518	7,108	3,274	1,993
Other payables	91	184	189	4
Amounts due to the Remaining Group	90,007	102,482	106,771	106,434
Bank borrowings, secured	–	802	846	868
	<u>96,616</u>	<u>110,576</u>	<u>111,080</u>	<u>109,299</u>
Non-current liabilities				
Deferred tax liabilities	–	609	1,828	1,259
Bank borrowings, secured	–	3,503	2,658	2,287
	<u>–</u>	<u>4,112</u>	<u>4,486</u>	<u>3,546</u>
Net liabilities	<u>(21,699)</u>	<u>(23,886)</u>	<u>(30,256)</u>	<u>(33,517)</u>

- (iii) Included in the consolidated cash flow statements of the Group are the cash flows attributable to the Disposed Assets during the Relevant Periods which are presented on a combined basis after elimination of intra-entity transactions:

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Operating activities					
Loss for the year/period	(97)	(5,386)	(7,976)	(145)	(3,994)
Adjustments for:					
Amortization of prepaid lease payments	17	17	17	8	8
Depreciation for property, plant and equipment	2,981	4,077	4,106	2,053	2,164
Gain on fair value changes of an investment property	(600)	(400)	(400)	–	–
Interest income	(9)	(1)	(2)	(1)	(1)
Gain on disposal of property, plant and equipment	(172)	–	–	–	(1,509)
Share of profits less losses of associates	(395)	1	–	–	–
Share of profits less losses of jointly-controlled entities	3	5,086	7,132	(317)	4,534
Finance costs	–	68	253	135	88
Income tax	49	307	174	(87)	165
Operating cash flows before movements in working capital	1,777	3,769	3,304	1,646	1,455
Accounts receivable	(3,675)	724	4,153	4,083	986
Balances with associates	(8,316)	(8,946)	(2,903)	(1,631)	(1,155)
Balances with the Remaining Group	48,556	12,475	4,289	3,381	(337)
Prepayments, deposits and other receivables	1,482	222	(7)	–	(2,000)
Accounts payable	(3,106)	590	(3,834)	(3,943)	(1,281)
Other payables and accruals	(2,663)	93	5	(184)	(185)
Cash generated from/(used in) operations	34,055	8,927	5,007	3,352	(2,517)
Interest paid	–	(68)	(253)	(135)	(88)
Net cash generated by/(used in) operating activities	34,055	8,859	4,754	3,217	(2,605)

APPENDIX II
ACCOUNTANTS' REPORT ON THE GROUP

	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2006 HK\$'000	Year ended 31 March 2007 HK\$'000	Period ended 30 September 2006 HK\$'000	Period ended 30 September 2007 HK\$'000
Investing activities					
Interest received	9	1	2	1	1
Purchase of property, plant and equipment	(19,546)	–	–	–	(293)
Purchase of investment properties	(3,400)	–	–	–	–
Acquisition of associates	(4)	–	–	–	–
Purchase of available-for- -sale investment	–	(1)	–	–	–
Amounts advanced to an investee entity	–	(13,164)	(3,440)	(2,960)	(532)
Proceeds from disposal of property, plant and equipment	222	–	–	–	4,000
Capital contribution to jointly-controlled entities	(11,350)	–	–	–	–
Net cash generated by/ (used in) investing activities	(34,069)	(13,164)	(3,438)	(2,959)	3,176
Financing activities					
Proceeds from bank borrowings	–	4,500	–	–	–
Repayment of bank borrowings	–	(195)	(801)	(393)	(350)
Net cash generated by/ (used in) financing activities	–	4,305	(801)	(393)	(350)
Net increase/(decrease) in cash and cash equivalents	(14)	–	515	(135)	221
Cash and cash equivalents brought forward	245	231	231	231	746
Cash and cash equivalents carried forward	231	231	746	96	967

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited consolidated financial statements of the Group have been prepared in respect of any period subsequent to 30 September 2007.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Unaudited Pro Forma Consolidated Balance Sheet**

The unaudited pro forma consolidated balance sheet of the Remaining Group (the “Unaudited Pro Forma Consolidated Balance Sheet”) has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed on 31 March 2007.

The Unaudited Pro Forma Consolidated Balance Sheet is based on the audited consolidated balance sheet of the Group as at 31 March 2007 as extracted from Appendix II to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Balance Sheet is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Balance Sheet does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 31 March 2007. The Unaudited Pro Forma Consolidated Balance Sheet does not purport to predict the future financial position of the Remaining Group.

The Unaudited Pro Forma Consolidated Balance Sheet should be read in conjunction with the historical financial information of the Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular. The Unaudited Pro Forma Consolidated Balance Sheet does not take account of any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Group included in the Unaudited Pro Forma Consolidated Balance Sheet.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group following completion of the Disposal or at any future date.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group as at 31 March 2007 HK\$'000	Pro forma adjustment HK\$'000 (Note 1)	Pro forma adjustment HK\$'000 (Note 2)	Pro forma Remaining Group HK\$'000
Non-current assets				
Property, plant and equipment	21,198	(19,696)	–	1,502
Prepaid lease payments	675	(675)	–	–
Investment property	4,800	(4,800)	–	–
Goodwill	1,943	–	–	1,943
Interests in associates	21,039	(20,165)	–	874
Interests in jointly-controlled entities (Note 3)	9,309	(21,414)	–	(12,105)
Available-for-sale investment	1	(1)	–	–
Amount due from an investee entity	16,604	(16,604)	–	–
Contract retention receivables	2,154	–	–	2,154
Deferred tax assets	104	–	–	104
	<u>77,827</u>	<u>(83,355)</u>	<u>–</u>	<u>(5,528)</u>
Current assets				
Accounts receivable	95,357	(1,178)	–	94,179
Other receivables	26,987	(31)	–	26,956
Promissory Notes receivable in connection with the Disposal	–	–	121,000	121,000
Pledged bank deposits	16,675	–	–	16,675
Bank balances and cash	33,742	(746)	20,000 30,000 (1,530)	81,466
	<u>172,761</u>	<u>(1,955)</u>	<u>169,470</u>	<u>340,276</u>
Current liabilities				
Accounts payable	73,583	(3,274)	–	70,309
Other payables	7,911	(189)	–	7,722
Bank borrowings, secured	846	(846)	–	–
	<u>82,340</u>	<u>(4,309)</u>	<u>–</u>	<u>78,031</u>
Non-current liabilities				
Deferred tax liabilities	1,828	(1,828)	–	–
Bank borrowings, secured	2,658	(2,658)	–	–
	<u>4,486</u>	<u>(4,486)</u>	<u>–</u>	<u>–</u>
Net assets/(liabilities)	<u>163,762</u>	<u>(76,515)</u>	<u>169,470</u>	<u>256,717</u>
Capital and reserves				
Share capital	54,300	–	–	54,300
Reserves	106,511	(76,515)	169,470	199,466
Equity attributable to the equity holders of the Company	160,811	(76,515)	169,470	253,766
Minority interests	2,951	–	–	2,951
Total equity	<u>163,762</u>	<u>(76,515)</u>	<u>169,470</u>	<u>256,717</u>

Notes to the Unaudited Pro Forma Consolidated Balance Sheet

1. The adjustment represents the exclusion of the assets and liabilities attributable to the Disposed Assets as at 31 March 2007 as if the Disposal had been completed on 31 March 2007.
2. The adjustment represents the net consideration of approximately HK\$169,470,000 comprising (i) the Consideration of HK\$171,000,000 and (ii) the estimated expenses to be incurred in connection with the Disposal of approximately HK\$1,530,000. The Consideration shall be settled by the Purchaser in the following manner: (a) HK\$20,000,000 has been paid in cash by the Purchaser to the Company on the date of signing of the Sale and Purchase Agreement as deposit; (b) HK\$30,000,000 shall be payable in cash by the Purchaser to the Company on Completion; and (c) the balance of HK\$121,000,000 by issuing 3 Promissory Notes with principal amounts of HK\$40,000,000, HK\$40,000,000 and HK\$41,000,000 respectively and with maturity dates of 30 June 2008, 30 September 2008 and 31 December 2008 respectively.

For the purpose of preparing the Unaudited Pro Forma Consolidated Balance Sheet, it has been assumed that the cash element of the Consideration of approximately HK\$50,000,000 and the Promissory Notes with an aggregate principal amount of HK\$121,000,000 had been received by the Group, and the estimated expenses to be incurred in connection with the Disposal of approximately HK\$1,530,000 had been paid by the Group on 31 March 2007, as if the Disposal had been completed on 31 March 2007. It has been further assumed that the face value of the Promissory Notes approximated their fair values due to their short maturity.

3. The balance of interests in jointly-controlled entities of the pro forma Remaining Group resulted in a net credit balance because at 31 March 2007, the Group had provided undertakings of financial support to certain of the Group's jointly-controlled entities in proportion to its equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due. Accordingly, the Group's share of the net deficiency in assets of these jointly-controlled entities at 31 March 2007 has already been accounted for in presenting the Group's financial statements for the year ended 31 March 2007.

Unaudited Pro Forma Consolidated Income Statement

The unaudited pro forma consolidated income statement of the Remaining Group (the "Unaudited Pro Forma Consolidated Income Statement") has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the beginning of the year ended 31 March 2007.

The Unaudited Pro Forma Consolidated Income Statement is based on the audited consolidated income statement of the Group for the year ended 31 March 2007 as extracted from Appendix II to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Income Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Income Statement does not purport to describe the actual results of the Remaining Group that would have been attained had the Disposal been completed at the beginning of the year ended 31 March 2007. The Unaudited Pro Forma Consolidated Income Statement does not purport to predict the future results of the Remaining Group.

The Unaudited Pro Forma Consolidated Income Statement should be read in conjunction with the historical financial information of the Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular. The Unaudited Pro Forma Consolidated Income Statement does not take account of any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Group included in the Unaudited Pro Forma Consolidated Income Statement.

The Unaudited Pro Forma Consolidated Income Statement has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results of the Remaining Group had the Disposal been completed at the beginning of the year ended 31 March 2007 or for any future period.

	The Group for the year ended 31 March 2007 HK\$'000	Pro forma adjustment HK\$'000 (Note 4)	Pro forma adjustment HK\$'000 (Note 5)	Pro forma Remaining Group HK\$'000
Revenue	480,292	(304)	–	479,988
Cost of sales	(425,548)	271	–	(425,277)
Gross profit	54,744	(33)	–	54,711
Other income	43,829	(265)	–	43,564
Other gains and losses	5,713	(453)	–	5,260
Estimated gain on the Disposal	–	–	90,874	90,874
Administrative and operating expenses	(68,816)	1,167	–	(67,649)
Share of losses of associates	(3,497)	–	–	(3,497)
Share of losses of jointly-controlled entities	(19,467)	7,133	–	(12,334)
Finance costs	(1,007)	253	–	(754)
Profit before tax	11,499	7,802	90,874	110,175
Income tax expense	(734)	174	–	(560)
Profit for the year	<u>10,765</u>	<u>7,976</u>	<u>90,874</u>	<u>109,615</u>

Notes to the Unaudited Pro Forma Consolidated Income Statement:

4. The adjustment represents the exclusion of the income and expenses attributable to the Disposed Assets for the year ended 31 March 2007 as if the Disposal had been completed on 1 April 2006. This adjustment is not expected to have a continuing effect on the Remaining Group.
5. The adjustment represents the estimated gain on the Disposal of approximately HK\$90,874,000 which is calculated based on (i) the net consideration of approximately HK\$169,470,000 (representing the Consideration of HK\$171,000,000 less the estimated expenses to be incurred in connection with the Disposal of approximately HK\$1,530,000) and (ii) the adjusted net assets attributable to the Disposed Assets as at 31 March 2006 of approximately HK\$78,596,000 (representing the net liabilities attributable to the Disposed Assets of approximately HK\$23,886,000 less the amounts due to the Remaining Group of approximately HK\$102,482,000), as if the Disposal had been completed on 1 April 2006. This adjustment is not expected to have a continuing effect on the Remaining Group.

Since the actual carrying amounts of the assets and liabilities attributable to the Disposed Assets on Completion may be different from the amounts used in the preparation of the Unaudited Pro Forma Consolidated Income Statement, the actual gain or loss on the Disposal may be materially different from the estimated amount shown above.

Unaudited Pro Forma Consolidated Cash Flow Statement

The unaudited pro forma consolidated cash flow statement of the Remaining Group (the “Unaudited Pro Forma Consolidated Cash Flow Statement”) has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the beginning of the year ended 31 March 2007.

The Unaudited Pro Forma Consolidated Cash Flow Statement is based on the audited consolidated cash flow statement of the Group for the year ended 31 March 2007 as extracted from Appendix II to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Cash Flow Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Cash Flow Statement does not purport to describe the actual cash flows of the Remaining Group that would have been attained had the Disposal been completed at the beginning of the year ended 31 March 2007. The Unaudited Pro Forma Consolidated Cash Flow Statement does not purport to predict the future cash flows of the Remaining Group.

The Unaudited Pro Forma Consolidated Cash Flow Statement should be read in conjunction with the historical financial information of the Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular. The Unaudited Pro Forma Consolidated Cash Flow Statement does not take account of any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Group included in the Unaudited Pro Forma Consolidated Cash Flow Statement.

The Unaudited Pro Forma Consolidated Cash Flow Statement has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group had the Disposal been completed at the beginning of the year ended 31 March 2007 or for any future period.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2007 HK\$'000	Pro forma adjustment HK\$'000 (Note 6)	Pro forma adjustment HK\$'000 (Note 7)	Pro forma Remaining Group HK\$'000
Operating activities				
Profit/(Loss) for the year	10,765	7,976	90,874	109,615
Adjustments for:				
Estimated gain on the Disposal	–	–	(90,874)	(90,874)
Amortization of prepaid lease payments	17	(17)	–	–
Depreciation for property, plant and equipment	4,888	(4,106)	–	782
Gain on disposal of subsidiaries	(3,843)	–	–	(3,843)
Gain on fair value changes of an investment property	(400)	400	–	–
Loss on fair value changes of property, plant and equipment	11	–	–	11
Impairment loss recognized in respect of amounts due from contract customers	989	–	–	989
Impairment loss reversed in respect of amounts due from contract customers	(2,246)	–	–	(2,246)
Interest income	(785)	2	–	(783)
Loss on disposal of property, plant and equipment	165	–	–	165
Loss on disposal of a jointly-controlled entity	111	–	–	111
Write back of long outstanding payables	(371)	–	–	(371)
Share of losses of associates	3,497	–	–	3,497
Share of losses of jointly-controlled entities	19,467	(7,132)	–	12,335
Finance costs	1,007	(253)	–	754
Income tax expense	734	(174)	–	560
Operating cash flows before movements in working capital	34,006	(3,304)	–	30,702
Accounts receivable	6,236	(4,153)	–	2,083
Balances with jointly-controlled entities	(3,523)	–	–	(3,523)
Balances with associates	(2,372)	2,903	–	531
Balances with the Remaining Group	–	(4,289)	–	(4,289)
Balances with minority shareholders	144	–	–	144
Prepayments, deposits and other receivables	(693)	7	–	(686)
Accounts payable	(10,630)	3,834	–	(6,796)
Other payables and accruals	(478)	(5)	–	(483)

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2007 HK\$'000	Pro forma adjustment HK\$'000 (Note 6)	Pro forma adjustment HK\$'000 (Note 7)	Pro forma Remaining Group HK\$'000
Cash generated from operations	22,690	(5,007)	–	17,683
Interest paid	(1,007)	253	–	(754)
Hong Kong profits tax paid	(48)	–	–	(48)
Net cash generated by operating activities	<u>21,635</u>	<u>(4,754)</u>	<u>–</u>	<u>16,881</u>
Investing activities				
Cash element of the Consideration less estimated expenses to be incurred in connection with the Disposal	–	–	50,000 (1,530)	48,470
Interest received	785	(2)	–	783
Dividends received from jointly-controlled entities	3,560	–	–	3,560
Purchase of property, plant and equipment	(291)	–	–	(291)
Disposal of subsidiaries	(14,009)	–	–	(14,009)
Amounts advanced to an investee entity	(3,440)	3,440	–	–
Proceeds from disposal of property, plant and equipment	269	–	–	269
Decrease in pledged bank deposits	4,269	–	–	4,269
Net cash generated by/(used in) investing activities	<u>(8,857)</u>	<u>3,438</u>	<u>48,470</u>	<u>43,051</u>
Financing activities				
Proceeds from issue of ordinary shares	18,100	–	–	18,100
Repayment of bank borrowings	(801)	801	–	–
Proceeds from new trust receipts loans	24,363	–	–	24,363
Repayment of trust receipts loans	(37,479)	–	–	(37,479)
Repayment of term loan	(1,620)	–	–	(1,620)
Net cash generated by financing activities	<u>2,563</u>	<u>801</u>	<u>–</u>	<u>3,364</u>
Net increase/(decrease) in cash and cash equivalents	15,341	(515)	48,470	63,296
Cash and cash equivalents brought forward	<u>18,401</u>	<u>(231)</u>	<u>–</u>	<u>18,170</u>
Cash and cash equivalents carried forward	<u><u>33,742</u></u>	<u><u>(746)</u></u>	<u><u>48,470</u></u>	<u><u>81,466</u></u>

Notes to the Unaudited Pro Forma Consolidated Cash Flow Statement:

6. The adjustment represents the exclusion of the cash flows attributable to the Disposed Assets for the year ended 31 March 2007 as if the Disposal had been completed on 1 April 2006. This adjustment is not expected to have a continuing effect on the Remaining Group.
7. The adjustment represents the net cash consideration of approximately HK\$48,470,000 comprising (i) the cash element of the Consideration of HK\$50,000,000 (of which HK\$20,000,000 has been paid in cash by the Purchaser to the Company on the date of signing of the Sale and Purchase Agreement as deposit and HK\$30,000,000 shall be payable in cash by the Purchaser to the Company on Completion) and (ii) the estimated expenses to be incurred in connection with the Disposal of approximately HK\$1,530,000. This adjustment is not expected to have a continuing effect on the Remaining Group.

For the purpose of preparing the Unaudited Pro Forma Consolidated Cash Flow Statement, it has been assumed that the cash element of the Consideration of approximately HK\$50,000,000 had been received by the Group and the estimated expenses to be incurred in connection with the Disposal of approximately HK\$1,530,000 had been paid by the Group on 1 April 2006, as if the Disposal had been completed on 1 April 2006. The increase in the Promissory Notes is a non-cash item arising from disposal of subsidiaries and hence has not been included in the Unaudited Pro Forma Consolidated Cash Flow Statement.

**B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the auditors of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong. As described in the paragraph headed "Documents Available for Inspection" in Appendix V, a copy of the following accountants' report is available for inspection.



國 衛 會 計 師 事 務 所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

26 March 2008

The Board of Directors
Wing Hing International (Holdings) Limited
14th Floor
Yau Lee Centre
45 Hoi Yuen Road
Kowloon
Hong Kong

Dear Sirs,

**ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP****Introduction**

We report on the unaudited pro forma financial information of Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as set out in Section A entitled "Unaudited Pro Forma Financial Information of the Remaining Group" of Appendix III (the "Pro Forma Financial Information") to the Company's circular dated 26 March 2008 (the "Circular") in connection with the very substantial disposal and connected transaction whereby the Company proposes to dispose of the Sale Shares and the Sale Loan (both terms as defined in the Circular) to Heart Ace Limited. The Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Disposal (as defined in the Circular) might have affected the financial information presented. The basis of preparation of the Pro Forma Financial Information is set out in Section A of Appendix III of the Circular.

Respective responsibilities of the directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2007 or any future date; or
- the results or cash flows of the Group for the year ended 31 March 2007 or for any future periods.

Opinion

In our opinion:

- a. the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

1. INDEBTEDNESS**Borrowings**

As at the close of business on 31 January 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no secured interest-bearing bank borrowings.

As at 31 January 2008, the Group's banking facilities were supported by the following:

- legal charges over the Group's leasehold land and buildings and investment property, all of which are situated in Hong Kong, with aggregate carrying value of approximately HK\$14,550,000; and
- pledged deposits of approximately HK\$22,452,000 of the Group.

Contingent liabilities

As at 31 January 2008, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK\$24,811,000. In addition to the above, as at 31 January 2008, the Company had executed guarantees in favor of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China Harbour-CWF Joint Venture, with contract sum of approximately HK\$84,938,000.

As at 31 January 2008, the Group had executed guarantees for HK\$36,000,000 in respect of the general banking facilities granted to the Group's jointly-controlled entity.

As at 31 January 2008, the Group had executed a guarantee for HK\$73,760,000 in respect of the general banking facilities granted to Wealthy Star Development Limited, an investee entity in which the Group has 8% equity interests.

The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK\$2,700,000 as at 31 January 2008. The contingent liability has arisen because, at 31 January 2008, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. No provision has been recognised in the financial statements of the Group in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

As at the close of business on 31 January 2008, the Group was involved in various lawsuits and claims arising in the normal course of its business from which contingent liabilities might arise, a summary of which is set out in the paragraph headed "Litigation" in Appendix V to this circular.

Disclaimer

Save as referred to in this section and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 January 2008, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchases contracts or finance leases, guarantees, or other material contingent liabilities.

2. WORKING CAPITAL

Taking into account the internally generated funds and the presently available credit facilities, the Directors are of the opinion that the Remaining Group will, following the completion of the Sale and Purchase Agreement, has sufficient working capital for its present requirements, that is for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, 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 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 Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Name of Director	Number or attributable number of Shares held or short positions	Nature of interests		Approximate percentage or attributable percentage of shareholding (%)
		Interest of controlled corporation	Beneficial owner	
Ng Tat Leung George	15,690,069 (L)	10,772,700 (Note)	4,917,369	28.90
Lui Siu Yee	30,600 (L)	–	30,600	0.05
Wong Teck Ming	30,000 (L)	–	30,000	0.05

L: Long Position

Note:

The 10,772,700 Shares was 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 Chan Mo Yan, deceased, as to approximately 46.46% by Ng Tat Leung, George, the chairman of the Company and the managing Director, and as to approximately 7.08% by Wong Teck Ming, an executive Director.

Save as disclosed above, as at the Latest Practicable Date, 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 Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being 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 was directly or indirectly interested in 10% 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 Remaining Group:

Name of Shareholder	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding (%)
Liu Pui Lan	14,700,000 (L)	Beneficial owner	21.30
Chan Mo Yan, deceased (<i>Note 1</i>)	10,772,700 (L)	Interest of controlled corporation	19.84
Total Success Worldwide Limited (<i>Note 1</i>)	10,772,700 (L)	Beneficial owner	19.84
Grand Legend Limited (<i>Note 2</i>)	10,775,081 (L)	Beneficial owner	19.84
Lo Chun Yang (<i>Note 2</i>)	10,775,081 (L)	Interest of controlled corporation	19.84
Loh Siu Yin, Lulu (<i>Note 2</i>)	10,775,081 (L)	Interest of spouse	19.84
Complete Success Limited (<i>Note 3</i>)	5,681,818 (L)	Beneficial owner	10.46
Li Dan Dan (<i>Note 3</i>)	5,681,818 (L)	Interest of controlled corporation	10.46

L: Long Position

Notes:

1. These 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 Chan Mo Yan, deceased, as to approximately 46.46% by Ng Tat Leung, George, the chairman of the Company and the managing Director, and as to approximately 7.08% by Wong Teck Ming, an executive Director.
2. The entire issued share capital of Grand Legend Limited is owned by Lo Chun Yang. Loh Siu Yin, Lulu is the spouse of Lo Chun Yang.
3. The entire issued share capital of Complete Success Limited is owned by Li Dan Dan. Complete Success Limited currently holds 5,681,818 warrants of the Company, upon the exercise of which 5,681,818 Shares are to be issued.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) 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 10% 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 Remaining Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position 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.

3. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Remaining Group within the two years immediately preceding the date of this circular and are or may be material:

- (i) the underwriting agreement dated 21 March 2006 and entered into between the Company and Sino Portal Group Limited in relation to the rights issue in proportion of one rights share for every two consolidated ordinary shares of HK\$1.00 each in the share capital of the Company;
- (ii) the two subscription agreements both dated 13 July 2006 and entered into between W. Hing Construction Company Limited and Design Landscapes International (HK) Company Limited and between Keith Jeferey Dodd and Design Landscapes International (HK) Company Limited respectively. Pursuant to the two subscription agreements, W. Hing Construction Company Limited and Keith Jeferey Dodd agreed to subscribe 42,711 and 67,511 new shares of HK\$1.00 each of Design Landscapes International (HK) Company Limited at a consideration of HK\$93,110 and HK\$147,174 respectively. Upon completion of the said subscription agreements, the interests of W. Hing Construction Company Limited in Design Landscapes International (HK) Company Limited have deemed to reduce from 51% to 50%;

- (iii) the sale and purchase agreement dated 18 October 2006 and entered into among Wing Hing Group (BVI) Limited, Skree Investments Limited and Li Zhimin pursuant to which Wing Hing Group (BVI) Limited agreed to sell and Skree Investments Limited agreed to acquire the entire issued share capital of Anpoint Engineering Limited at a consideration of HK\$1.00;
- (iv) the subscription agreement dated 7 May 2007 and entered into among the Company, Best Time International Limited and Liu Chi Wah, Jimmy in respect of the subscription of the convertible note with an aggregate principal amount of HK\$15,000,000 by Best Time International Limited;
- (v) the sale and purchase agreement dated 21 May 2007 and entered into between CWS International Trading Limited and Leung Pui Kwan in relation to the sale and purchase of the entire issued share capital of Charm Faith Group Limited at a consideration of HK\$150,000,000;
- (vi) the sale and purchase agreement dated 10 January 2008 and entered into between CWS International Trading Limited and Liu Pui Lan in relation to the sale and purchase of the entire issued share capital of Farrell Global Limited at a consideration of HK\$250,000,000; and
- (vii) the Sale and Purchase Agreement.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. EXPERTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Asset Appraisal Limited	Chartered surveyor
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants
Partners Capital	a licensed corporation under the SFO permitted to engage in type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities

Each of Asset Appraisal Limited, HLB Hodgson Impey Cheng and Partners Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Asset Appraisal Limited, HLB Hodgson Impey Cheng and Partners Capital does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. LITIGATION

- (i) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to the completion of contract works as a result of the allegation of non-conforming piles. In the previous year, the contract customer demanded from the Group the retrenchment of HK\$5 million of the contract fees received by the Group, as compensation for early termination of the contract works. In prior years, the contract customer was in the process of undergoing a court compulsory winding-up and the provisional liquidator of the contract customer requested payment of HK\$8 million from the Group. Having considered legal counsel's advice, the Directors are of the opinion that the claim is unlikely to succeed. Accordingly, no provision has been made up to 31 March 2007.
- (ii) The Group was previously engaged in early 2000 in the undertaking of a piling work contract. In 2001, the Group made a claim against the main contractor of HK\$7 million for variation orders in addition to the original contract sum. In prior years, the main contractor submitted a counterclaim of HK\$44 million for additional costs incurred due to wrongful repudiation of the subcontract. Having considered the legal counsel's advice, the Directors are of the opinion that the Group has a good chance of defending the counterclaim. Accordingly, the Directors consider that a provision for the counterclaim is not necessary.
- (iii) A number of claims have been brought against the Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The total amount of the litigation claims cannot be quantified. As most of the litigation claims are personal injury claims and some of them have not reached the stage in which the amount of the claim can be calculated. The Directors believe that any liabilities of the Group in respect of such claims will be covered either by the Group's insurance policies, or that the Group has a meritorious defense against such claims. Accordingly, the Directors do not believe that these claims will have any material adverse impact on the Group and, therefore no provisions have been made in respect thereof in the financial statements of the Group up to 31 March 2007.

Save as disclosed, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2007, being the date to which the latest published audited financial statements of the Group was made up.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. MISCELLANEOUS

- (a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Remaining Group.
- (b) As at the Latest Practicable Date, neither Asset Appraisal Limited, HLB Hodgson Impey Cheng, Partners Capital nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Remaining Group since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (c) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited whose address is Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (d) Tricor Tengis Limited, the transfer office of the Company is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The company secretary of the Company is Chan Yuen Bik, Jane. Chan is a Fellow of the Hong Kong Institute of Company Secretaries in Hong Kong and a Fellow of the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (f) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Ngan Chi Keung, Mike.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including 14 April 2008 and at the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix;
- (c) the written consents of the experts referred to in the paragraph headed “Experts” in this Appendix;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 23 in this circular;
- (e) the letter of advice from Partners Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 24 to 36 in this circular; and
- (f) the valuation report on the properties held by Sunny Engineering Group, the text of which is set out in Appendix I to this circular;
- (g) the accountants’ report on the Group prepared by HLB Hodgson Impey Cheng, the text of which is set out in Appendix II to this circular;
- (h) the accountants’ report from HLB Hodgson Impey Cheng in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (i) the annual reports of the Company for each of the two financial years ended 31 March 2006 and 31 March 2007;
- (j) the interim report of the Company for the six months ended 30 September 2007; and
- (k) circular of the Company dated 22 February 2008.

NOTICE OF SGM

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)



NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of the shareholders of Wing Hing International (Holdings) Limited (the “**Company**”) will be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 14 April 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) dated 28 February 2008 and entered into between the Company as vendor, Heart Ace Limited as purchaser and Lo Chun Yang as guarantor in relation to the sale and purchase of the 8,000,000 ordinary shares of HK\$0.04 each in the issued share capital of Wing Hing Group (BVI) Limited (the “**Target**”) and the shareholder’s loan owed by the Target to the Company at a total consideration of HK\$171,000,000 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By order of the Board
Wing Hing International (Holdings) Limited
Ng Tat Leung, George
Chairman

Hong Kong, 26 March 2008

NOTICE OF SGM

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place of
business in Hong Kong:*
14th Floor
Yau Lee Centre
45 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.