



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)



2007

INTERIM REPORT

* For identification purpose only

The Directors of Wing Hing International (Holdings) Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007.

RESULTS

For the six months ended 30 September 2007, the Group recorded a profit attributable to equity holders of the Company of approximately HK\$10,041,000 with profits of HK18.49 cents per share.

DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2007.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2007

	Notes	Six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Revenue	3	327,015	226,978
Cost of sales		(305,837)	(206,210)
Gross profit		21,178	20,768
Other income		7,934	25,739
Other gains and losses		1,497	32
Administrative and operating expenses		(15,543)	(39,490)
Share of (losses)/profits of jointly-controlled entities		(4,283)	1,122
Share of losses of associates		(768)	(322)
Finance costs		(143)	(500)
Profit before tax		9,872	7,349
Income tax credit/(expense)	5	170	(511)
Profit for the period	6	10,042	6,838
Attributable to:			
Equity holders of the Company		10,041	5,597
Minority interests		1	1,241
		10,042	6,838
Earnings per share			
Basic	4	18.49 cents	12.13 cents
Diluted	4	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Share capital and share premium (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2007	89,791	22,441	48,579	2,951	163,762
Deferred tax adjustment	-	733	-	-	733
Release of reserve upon disposal of property, plant and equipment	-	(4,192)	4,192	-	-
Profit for the period	-	-	10,041	1	10,042
At 30 September 2007	<u>89,791</u>	<u>18,982</u>	<u>62,812</u>	<u>2,952</u>	<u>174,537</u>
	Share capital and share premium (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2006	71,691	21,269	38,475	5,087	136,522
Issue of new shares	18,100	-	-	-	18,100
Release of asset revaluation reserve upon disposal of property, plant and equipment	-	(582)	582	-	-
Deferred tax adjustment	-	29	-	-	29
Release of reserve upon disposal of a subsidiary	-	(78)	-	(3,387)	(3,465)
Profit for the period	-	-	5,597	1,241	6,838
At 30 September 2006	<u>89,791</u>	<u>20,638</u>	<u>44,654</u>	<u>2,941</u>	<u>158,024</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	Notes	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
NON-CURRENT ASSETS			
Investment property		4,800	4,800
Prepaid lease payments		667	675
Property, plant and equipment		16,599	21,198
Goodwill		1,943	1,943
Interests in jointly-controlled entities		5,026	9,309
Interests in associates		21,426	21,039
Available-for-sale investment		1	1
Amount due from an investee entity		17,136	16,604
Contract retention receivables	7	5,752	2,154
Deferred tax assets		439	104
		73,789	77,827
CURRENT ASSETS			
Accounts receivable	7	111,396	95,357
Other receivables		32,551	26,987
Pledged bank deposits	13	16,675	16,675
Bank balances and cash		47,295	33,742
		207,917	172,761
CURRENT LIABILITIES			
Accounts payable	8	94,930	73,583
Other payables		7,825	7,911
Bank borrowings, secured		868	846
		103,623	82,340
NET CURRENT ASSETS			
		104,294	90,421
TOTAL ASSETS LESS CURRENT LIABILITIES			
		178,083	168,248
CAPITAL AND RESERVES			
Share capital	9	54,300	54,300
Reserves		117,285	106,511
Equity attributable to equity holders of the Company		171,585	160,811
Minority interests		2,952	2,951
TOTAL EQUITY			
		174,537	163,762
NON-CURRENT LIABILITIES			
Bank borrowings, secured		2,287	2,658
Deferred tax liabilities		1,259	1,828
		3,546	4,486
		178,083	168,248

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
NET CASH GENERATING BY/(USED IN) OPERATING ACTIVITIES	11,267	(10,575)
NET CASH GENERATING BY/(USED IN) INVESTING ACTIVITIES	2,636	(12,231)
NET CASH (USED IN)/GENERATING BY FINANCING ACTIVITIES	(350)	16,652
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,553	(6,154)
Cash and cash equivalents at beginning of the period	33,742	18,401
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	47,295	12,247
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	47,295	12,329
Bank overdrafts	–	(82)
	47,295	12,247

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. Corporate information

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

During the period ended 30 September 2007, the Group was principally involved in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong SAR.

2. Principal accounting policies

The unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial statements have been prepared under the historical cost convention except for certain properties, plant and equipment and financial instruments, which are measured at revalued amounts or fair values, as appropriate. The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007.

During this period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2007. The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods.

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

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

3. Revenue

The Group is 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. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Construction contract revenue	311,507	209,228
Revenue from sales of goods	15,508	17,750
	327,015	226,978

4. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to equity holders of the Company for the six months ended 30 September 2007 of approximately HK\$10,041,000 (2006 : HK\$5,597,000).

The basic earnings per share is based on the weighted average number of shares in issue during the six months ended 30 September 2007 of 54,300,000 (2006: 46,145,055). No diluted earnings per share for the six months ended 30 September 2007 has been presented as the exercise price of the Company's outstanding warrants was higher than the average market price for shares for the period ended 30 September 2007.

5. Income tax credit/(expense)

(a) Hong Kong profits tax is calculated at 17.5% (six months ended 30 September 2006: 17.5%) of the estimated assessable profits for the period. Deferred tax on deductible/taxable temporary differences reversed during the period has been charged/credited to the profit and loss account using the applicable rates of tax in Hong Kong.

(b) The tax credit/(charge) for the period is made up as follows:

	Six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Current tax		
– Hong Kong	–	(549)
Deferred tax	170	38
	170	(511)

6. Profit for the period

The Group's profit for the period has been arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of services and inventories recognized as an expense	305,837	206,210
Depreciation for property, plant and equipment	2,427	2,504
Less: Amounts capitalized in construction contracts	(1,791)	(1,839)
	636	665
Minimum lease payments paid under operating leases during the period:		
Leasehold land and buildings	228	866
Less: Amounts capitalized in construction contracts	-	(442)
	228	424
Plant and machinery	548	3,021
Less: Amounts capitalized in construction contracts	(548)	(3,021)
	-	-
	228	424
Employee benefits expense (including directors' remuneration):		
Wages and salaries	24,340	45,401
Contributions to retirement benefits scheme	811	1,680
Less: Amounts capitalized in construction contracts	(13,982)	(13,221)
	11,169	33,860
Impairment losses reversed in respect of amounts due from an associate	-	(129)
(Profit)/Loss on disposal of property, plant and equipment	(1,497)	97
Amortization of prepaid lease payments	8	8
Interest income	(654)	(371)

7. Accounts receivable

An aged analysis of the Group's accounts receivable, inclusive of contract retention receivables classified as non-current assets, as at 30 September 2007 is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Accounts receivable, with aged analysis		
Current to 90 days	63,227	45,153
91 days to 180 days	25	276
181 days to 365 days	599	70
Over 365 days	28,196	29,715
	92,047	75,214
Less: accumulated impairment	(27,831)	(27,333)
	64,216	47,881
Contract retention receivables		
Retentions held by contract customers	33,753	33,606
Less: accumulated impairment	(9,859)	(9,859)
	23,894	23,747
Less: contract retention receivables classified as non-current assets	(5,752)	(2,154)
Retentions held by contract customers included in accounts receivable under current assets	18,142	21,593
Amounts due from contract customers	29,038	25,883
Total accounts receivable as shown under current assets	111,396	95,357

7. Accounts receivable *(Continued)*

Included in accounts receivable are amounts due from contract customers as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognised losses to date	882,116	844,087
Less: progress billings	(853,078)	(818,204)
Amounts due from contract customers	29,038	25,883

8. Accounts payable

An aged analysis of the Group's accounts payable as at 30 September 2007 is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Accounts payable, with aged analysis		
Current to 90 days	36,011	32,515
91 days to 180 days	7,747	3,646
181 days to 365 days	8,955	4,746
Over 365 days	16,292	20,820
	69,005	61,727
Amounts due to contract customers	25,925	11,856
Total accounts payable as shown under current liabilities	94,930	73,583

8. Accounts payable (Continued)

Included in accounts payable are amounts due to contract customers as follows.

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognized losses to date	384,326	308,331
Less: progress billings	(410,251)	(320,187)
Amounts due to contract customers	(25,925)	(11,856)

9. Share capital

	Number of shares	Share capital HK\$'000
<i>Authorized:</i>		
At 31 March 2007 and at 30 September 2007 Ordinary shares of HK\$1 each	<u>100,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 31 March 2007 and at 30 September 2007 Ordinary shares of HK\$1 each	<u>54,300,000</u>	<u>54,300</u>

10. Contingent liabilities

At balance sheet date, the Group had the following contingent liabilities:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Guarantees in respect of performance bonds in favour of contract customers	41,502	54,138

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

11. Segment information

The Group's operations are principally undertaken in Hong Kong SAR. An analysis of the Group's revenue and result by principal activities, in respect of the Group's operations for the six months ended 30 September 2007 is as follows:

2007

	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
REVENUE							
External sales	307,469	4,020	-	19	15,507	-	327,015
Inter-segment sales	-	15,843	-	34,473	-	(50,316)	-
Total	307,469	19,863	-	34,492	15,507	(50,316)	327,015
Inter-segment sales are charged at prevailing market rates.							
RESULT							
Segment result	16,517	6,865	-	2,772	12,906	(10,603)	28,457
Unallocated income							655
Unallocated corporate expenses							(14,046)
Share of losses of - associates							(768)
- jointly-controlled entities							(4,283)
Finance costs							(143)
Profit before tax							9,872
Income tax credit							170
Profit for the period							10,042

11. Segment information (Continued)

2006	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
REVENUE							
External sales	175,911	19,854	1,653	11,810	17,750	-	226,978
Inter-segment sales	-	167	-	22,471	-	(22,638)	-
Total	<u>175,911</u>	<u>20,021</u>	<u>1,653</u>	<u>34,281</u>	<u>17,750</u>	<u>(22,638)</u>	<u>226,978</u>
Inter-segment sales are charged at prevailing market rates.							
RESULT							
Segment result	<u>7,075</u>	<u>32,303</u>	<u>(1,984)</u>	<u>7,871</u>	<u>9,216</u>	<u>(8,345)</u>	46,136
Unallocated income							500
Unallocated corporate expenses							(39,587)
Share of losses/(profits) of							
- associates							(322)
- jointly-controlled entities							1,122
Finance costs							<u>(500)</u>
Profit before tax							7,349
Income tax expense							<u>(511)</u>
Profit for the period							<u>6,838</u>

12. Operating leases

The Group as lessee

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

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within one year	84	28

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

13. Pledge of assets

At 30 September 2007, the Group's assets were pledged as follows:

- (i) pledged deposits of approximately amounted HK\$16,675,000 of the Group;
- (ii) legal charges over the Group's leasehold land and buildings situated in Hong Kong, with carrying values of approximately HK\$9,750,000; and
- (iii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK\$4,800,000.

14. Issue and redeem of convertible note

On 7 May 2007, the Company entered into a conditional subscription agreement (the "Note Subscription Agreement") with Best Time International Limited in respect of the subscription of convertible note (the "Note") with an aggregate principal amount of HK\$15,000,000. The Note is interest-bearing at the rate of 1% per annum on the outstanding principal amount of the Note from its date of issue to the maturity date which is the second anniversary from the date of issue of the Note (the "Maturity Date"). The Note is convertible at the option of the Subscriber at a conversion price of HK\$1.50 per ordinary share at any time after the date of issue of the Note and up to the Maturity Date. On 29 August 2007, the Note are redeemed at the principal amount of HK\$15,000,000. No interest expenses on this redemption incurred.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group has recorded a turnover of HK\$327 million which represents a 44.07% increase compared with the turnover recorded in the corresponding period of last year. The Group recorded a net profit from ordinary activities attributable to equity holders of approximately HK\$10.04 million compared with a net profit from ordinary activities attributable to equity holders of approximately HK\$5.6 million for the corresponding period of last year.

Construction and Building

The construction and building contracts secured in the first half of the financial year include the Astounding Asia at Ocean Park, an industrial development at No.37-39 Wing Hong Street and two minor contracts for an international theme park. The aggregate value of contracts secured during the period was approximately HK\$376 million.

As regards completed projects, the Group has satisfactorily completed the contract for the renovation works contract for Windsor House at Causeway Bay, the refurbishment contract for Silvercord at Canton Road and a foundation works contract at Tai Yip Street, Kwun Tong.

Wastewater Treatment

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

Property Development

During the period under review, the Group, through an associated company, continues to participate in the property development project at No. 111 King Lam Street, Kowloon for an office building development. Construction works have been completed and Occupation Permit was obtained in early 2007. Certificate of Compliance from the Government has also been issued. It is expected that this property development will generate reasonable profits and steady income to the Group.

The Group, through another associated company, continues to participate in the property development at Kowloon Bay for an office building development. The foundation work has been completed and the superstructural works have just commenced with anticipated completion in early 2009.

PROSPECTS

Looking ahead, in the medium term, it is anticipated that construction market in both the private and public sectors will steadily recover in tandem with Hong Kong's rising economic activities and the recent government commitment to increase public expenditure in the infrastructure in the coming financial years. In the short term, as a result of the growing trend of the property prices, the construction market arising from property development projects will continue to pick up steadily. The Group will focus on the high-end and professional construction markets, in particular the leisure areas like theme parks and institutional works. The Group will also continue to adopt a prudent tendering approach and to increase competitiveness by consolidation of the operations.

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

In Hong Kong, the Group will concentrate on a few other areas on top of the traditional construction activities. Hypsos Leisure Asia Limited, an associated company established with two European partners, has been actively tendering for works in the leisure construction markets and it is expected that new projects in this area are forthcoming.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the Group had total outstanding borrowings of approximately HK\$3,155,000, comprising secured interest-bearing bank borrowings repayable (i) within one year of approximately HK\$868,000 and (ii) repayable over one year of approximately HK\$2,287,000.

The Group's banking facilities were supported by (1) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying value of approximately HK\$9,750,000, (2) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK\$4,800,000, (3) pledged deposits of approximately HK\$16,675,000 and (4) corporate guarantees from the Company and certain subsidiaries of the Company.

The Group's gearing ratio as at 30 September 2007 was 0.011 (31 March 2007: 0.014), calculated based on the Group's total outstanding borrowings of HK\$3,155,000 (31 March 2007: HK\$3,504,000) over the Group's total assets of HK\$281,706,000 (31 March 2007: HK\$250,588,000). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship, so as to minimize risks in its business.

EMPLOYEES

As at 30 September 2007, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was approximately 200. Performance of the staff is normally reviewed on an annual basis with adjustment compatible to the market. There is no material change in the information as compared to the most recently published annual report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Since the functional currencies of the Group's operations are mainly Hong Kong dollars, United States dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group during the six months ended 30 September 2007 is limited.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the period ended 30 September 2007.

SHARE OPTION SCHEME

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

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

As at 30 September 2007, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (i) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealing of securities by Directors of the Company were as follows:

Name of directors	Number of ordinary shares held			Percentage of issued ordinary shares as at 31 March 2007
	Personal interests	Corporate interests	Total interests in shares	
Mr. Ng Tat Leung, George	4,917,369	10,772,700 (Note)	15,690,069	28.89%
Mr. Wong Teck Ming	30,000	–	30,000	0.05%
Mr. Lui Siu Yee, Samuel	30,600	–	30,600	0.05%

Note: These 10,772,700 shares are beneficially owned by Total Success Worldwide Limited, the entire issued share capital of which is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, 46.46% by Mr. Ng Tat Leung, George and the remaining 7.08% by Mr. Wong Teck Ming. Accordingly, Mr. Ng Tat Leung, George, is deemed to be interested in all the shares in which Total Success Worldwide Limited is interested pursuant to the SFO.

Save as disclosed above, as at 30 September 2007, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealing of securities by Directors of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

So far as is known to the Directors of the Company, as at 30 September 2007, the following persons (including Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives (i.e. warrant)	Total interest	Percentage of issued ordinary shares as at 31 March 2007
Grand Legend Limited (<i>Note 1</i>)	10,775,081	–	10,775,081	19.84%
Total Success Worldwide Limited (<i>Note 2</i>)	10,772,700	–	10,772,700	19.84%

Notes:

- (1) The entire issued share capital of Grand Legend Limited is owned by Mr. Lo Chun Yang. Ms. Loh Siu Yin, Lulu is the spouse of Mr. Lo Chun Yang. Accordingly, Mr. Lo Chun Yang and Ms. Loh Siu Yin, Lulu are deemed to be interested in all the shares in which Grand Legend Limited is interested pursuant to the SFO.
- (2) Total Success Worldwide Limited owns 10,772,700 shares of the Company. The entire issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Mr. Chan Mo Yan, deceased, 46.46% by Mr. Ng Tat Leung, George and the remaining 7.08% by Mr. Wong Teck Ming. Accordingly, Mr. Chan Mo Yan, deceased and Mr. Ng Tat Leung, George are deemed to be interested in all the shares in which Total Success Worldwide Limited is interested pursuant to the SFO.

Save as disclosed above, as at 30 September 2007, the Directors of the Company were not aware of any other person who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CORPORATE GOVERNANCE PRACTICES

Audit Committee

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

The audit committee has also reviewed the Group's unaudited results for the six months ended 30 September 2007.

Directors' Securities Transactions

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

Corporate Governance Practices

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

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

DIRECTORS

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

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

Hong Kong SAR, 13 December 2007