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 year, 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 the Hong Kong Special Administrative Region ("Hong Kong SAR").

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively referred to as the "new HKFRSs") which are effective for accounting periods commencing on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The new HKFRSs may result in changes in the future as to how the Group's financial performance and financial position are prepared and presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice ("SSAP") and Interpretations) issued by HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of certain fixed assets and investment properties, as explained in the respective accounting policies below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of the net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries, jointly-controlled entities and associates represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of not exceeding 20 years. In the case of jointly-controlled entities and associates, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Prior to the adoption of SSAP 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to the adoption of the SSAP is treated according to the goodwill accounting policy above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

On disposal of subsidiaries, jointly-controlled entities or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant consolidated reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term leasehold land and buildings	Over the lease terms
Plant and machinery	10%
Furniture and equipment	20%
Motor vehicles	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year.

Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and are depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Construction contracts

Construction contracts are accounted for in the balance sheet as contract costs incurred plus recognised profits, less recognised losses and progress billings. Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of sub-contracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue is recognised based on the stage of completion of the construction work performed which is established by reference to the value of work certified to date by independent architects in comparison to the total contract value.

Provision is made for foreseeable losses as soon as they are anticipated by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts *(continued)*

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, interests in jointly-controlled entities and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, interests in jointly-controlled entities and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) the value of construction work performed is recognised based on the stage of completion of the construction work performed which is established by reference to the value of work certified to date by independent architects in comparison to the total contract value, as further explained in the accounting policy for “Construction contracts” above;

(b) management service income, when such service is rendered;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Employee benefits

Employment Ordinance long service payments

Certain of the Group's employees have completed 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 in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised 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.

Retirement benefits scheme

The 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 and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme in accordance with the rules of the MPF Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are organised and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) Superstructure construction works segment;

(b) Foundation piling, substructure works and slope improvement works segment;

(c) Special construction projects including civil engineering work, and electrical and mechanical works segment;

(d) Interior decoration works and landscaping segment; and

(e) Corporate and others segment, which comprises the Group's investment holding, and trading of construction machines and plastic products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

For the year ended 31 March 2005

4. SEGMENT INFORMATION *(continued)*

(a) Business segments

The following tables present revenue, profit/ (loss) and certain asset, liability and expenditure information for the Group's business segments.

	Superstructure construction works		Foundation piling, substructure works and slope improvement works		Special construction projects		Interior decoration & landscaping works		Corporate and others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:														
Sales to external customers	284,645	363,652	77,680	75,218	37,532	29,241	3,938	45,849	31,006	8,055	–	–	434,801	522,015
Intersegment sales	1,380	1,600	6,830	1,481	17,955	15,286	8,044	1,628	–	–	(34,209)	(19,995)	–	–
Other revenue	1,342	1,589	3,851	6,609	81	968	215	–	1,310	692	–	–	6,799	9,858
Intersegment revenue	–	–	884	590	–	–	–	–	15,629	–	(16,513)	(590)	–	–
Total	287,367	366,841	89,245	83,898	55,568	45,495	12,197	47,477	47,945	8,747	(50,722)	(20,585)	441,600	531,873
Segment results	9,308	1,020	11,946	1,389	4,781	(5,449)	(440)	6,234	15,154	(1,321)	3,771	3,162	44,520	5,035
Interest income and other unallocated revenue and gains													261	1,906
Unallocated expenses													(35,205)	(21,234)
Profit/(loss) from operating activities													9,576	(14,293)
Finance costs													(474)	(232)
Share of profits less losses of														
– Jointly-controlled entities	(1,903)	4,205	1,265	5	4,126	6,865	–	–	114	(1,547)	–	–	3,602	9,528
– Associates	–	–	–	–	–	–	–	–	176	2,532	–	–	176	2,532
Profit/ (loss) before tax													12,880	(2,465)
Tax													520	219
Profit/ (loss) before minority interests													13,400	(2,246)
Minority interests													(322)	(616)
Net profit/ (loss) from ordinary activities attributable to shareholders													13,078	(2,862)

4. SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Superstructure construction works		Foundation piling, substructure works and slope improvement works		Special construction projects		Interior decoration & landscaping works		Corporate and others		Eliminations		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**107,943**	84,958	**26,920**	47,090	**14,725**	19,893	**3,872**	4,573	**42,021**	27,358	**525**	(243)	**196,006**	183,629
Interests in associates	**–**	–	**–**	–	**–**	–	**–**	–	**2,454**	2,456	**–**	–	**2,454**	2,456
Interests in jointly-controlled entities	**2,265**	4,168	**1,270**	5	**9,170**	6,519	**–**	–	**33,402**	19,982	**–**	–	**46,107**	30,674
Unallocated assets													**50,494**	45,697
Total assets													**295,061**	262,456
Segment liabilities	**87,758**	65,758	**22,224**	24,745	**15,004**	13,393	**6,630**	2,532	**15,673**	22,300	**297**	589	**147,586**	129,317
Unallocated liabilities													**8,103**	16,079
Total liabilities													**155,689**	145,396
Minority interests													**4,265**	3,018
Other segment information:														
Depreciation	**346**	892	**280**	3,199	**14**	2,684	**95**	7	**3,366**	579	**–**	–	**4,101**	7,361
Other non-cash expenses/(income), net	**(2,129)**	4,415	**(34)**	(3,133)	**2,257**	442	**713**	705	**584**	1,940	**(328)**	–	**1,063**	4,369
Capital expenditure	**102**	324	**–**	–	**–**	70	**80**	13	**6,569**	140	**–**	–	**6,751**	547
(Surplus)/ deficit on revaluation recognised directly in equity	**(275)**	297	**(282)**	120	**–**	232	**(78)**	–	**(7,115)**	–	**–**	–	**(7,750)**	649

(b) Geographical segments

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

For the year ended 31 March 2005

5. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the aggregate of the gross value of work earned from superstructure construction, foundation piling, substructure works, slope improvement works, special construction projects, interior decoration and landscaping works. All significant intra-group transactions within the Group have been eliminated on consolidation.

An analysis of the Group's turnover, other revenue and gains is as follows:

	2005	2004
	HK$'000	*HK$'000*
Turnover:		
Undertaking of construction contract works	**434,801**	522,015
Other revenue:		
Interest income	**261**	314
Service fee income	**3,658**	5,318
Rental income from investment properties	**164**	181
Rental income from machinery held for operating lease purposes	**1,948**	1,054
Others	**937**	2,416
	6,968	9,283
Gains:		
Gain on disposal of subsidiaries	**92**	1,161
Write off of long outstanding payables	**–**	1,320
	92	2,481
Total other revenue and gains	**7,060**	11,764

6. PROFIT/ (LOSS) FROM OPERATING ACTIVITIES

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

	2005	2004
	HK$'000	*HK$'000*
Cost of services provided	**409,473**	514,176
Depreciation	**4,101**	7,361
Less: Amounts capitalised in construction contracts	**–**	(3,799)
	4,101	3,562
Amortisation of goodwill	**577**	–
Minimum lease payments under operating leases:		
Leasehold land and buildings	**1,007**	1,469
Plant and machinery	**1,568**	2,385
Less: Amounts capitalised in construction contracts	**(1,568)**	(2,385)
	–	–
Auditors' remuneration	**570**	680
Staff costs (excluding directors' remuneration – *note 9*)		
Wages and salaries	**31,895**	41,854
Pension scheme contributions	**1,335**	1,149
Less: Amounts capitalised in construction contracts	**(21,188)**	(31,529)
	12,042	11,474

7. OTHER OPERATING EXPENSES, NET

	Group	
	2005	2004
	HK$'000	*HK$'000*
Loss on disposal of fixed assets	**26**	909
Loss on disposal of short term investments	**–**	14
Write off of amounts due from contract customers	**–**	401
Write off of an amount due from an associate	**–**	420
Write (off)/ back of provision for amounts due from contract customers, net	**2,487**	(722)
Provision for prepayments, deposits, other debtors and other assets	**–**	2,011
Surplus arising from revaluation of an investment property and leasehold land and buildings *(note 13)*	**(1,450)**	(240)
Deficit arising from revaluation of plant and machinery and motor vehicles	**–**	1,576
	1,063	4,369

8. FINANCE COSTS

	Group	
	2005	2004
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**378**	519
Convertible note *(note 23)*	**96**	–
Finance leases	**–**	5
Total interest	**474**	524
Less: Interest capitalised	**–**	(292)
	474	232

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Fees:		
Executive directors	**–**	–
Non-executive director	**–**	–
Independent non-executive directors	**150**	209
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	**8,981**	5,242
Pension scheme contributions	**111**	60
	9,242	5,511

The amount of directors' remuneration which is directly attributable to construction activities and is capitalised in construction contracts amounted to HK$2,478,000 (2004: HK$795,000).

The directors' remuneration shown above does 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 HK$96,000 (2004: HK$96,000) for the year ended 31 March 2005.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors 2005	Number of directors 2004
Non-executive directors		
Nil – HK$1,000,000	**4**	7
Executive directors		
Nil – HK$1,000,000	**7**	5
HK$1,000,001 – HK$1,500,000	**4**	3
	15	15

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. No incentive payment for joining the Group or compensation for loss of office was paid to any directors during the year.

The five highest paid individuals during the year included five (2004: four) directors, details of whose remuneration are set out above. The remuneration paid to the remaining non-director, highest paid individual for the year ended 31 March 2004 is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Basic salaries and other allowances	**–**	1,257
Pension scheme contributions	**–**	12
	–	1,269

The remuneration of the non-director, highest paid individual fell within the HK$1,000,001 – HK$1,500,000 band.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2005	2004
	HK$'000	*HK$'000*
Group:		
(Credit)/ charge for the year	**(1,331)**	600
Deferred tax charge/ (credit), net *(note 25)*	**811**	(895)
	(520)	(295)
Share of tax attributable to associates	**–**	76
Tax credit for the year	**(520)**	(219)

A reconciliation of the tax credit applicable to profit/ (loss) before tax using the statutory rates for the countries in which the Company and its subsidiaries, jointly-controlled entities and associates are domiciled to the tax credit at the effective tax rates are as follows:

	2005	2004
	HK$'000	*HK$'000*
Profit/ (loss) before tax	**12,880**	(2,465)
Tax at the statutory tax rate in Hong Kong of 17.5%	**2,254**	(431)
Income not subject to tax	**(1,224)**	(1,844)
Expenses not deductible for tax	**2,454**	7,771
Tax losses utilised from previous periods	**(2,673)**	(4,706)
Others	**(1,331)**	(1,009)
Tax credit for the year	**(520)**	(219)

11. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit/ (loss) from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company is Nil (2004: a loss of approximately HK$2,709,000).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/ (loss) per share is based on the Group's net profit attributable to shareholders for the year of HK$13,078,000 (2004: net loss of HK$2,862,000) and the weighted average of 287,500,000 (2004: 287,500,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for year ended 31 March 2005 is based on the Group's adjusted net profit attributable to shareholders for the year of HK$13,157,000 and on the adjusted weighted average of 335,392,000 ordinary shares that would have been in issue during the year assuming the outstanding convertible note were converted into ordinary shares of the Company at its date of issue.

Diluted loss per share for the year ended 31 March 2004 has not been presented because the Company had no dilutive potential ordinary shares outstanding for that year.

13. FIXED ASSETS

Group

	Investment property HK$'000	Medium term leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
As at 1 April 2004	1,500	1,900	12,700	8,426	1,075	25,601
Additions	–	5,716	45	880	110	6,751
Disposals	–	–	(50)	–	(270)	(320)
Acquisition of a subsidiary *(note 29(a))*	–	–	310	92	158	560
Revaluations	2,500	2,384	763	–	129	5,776
As at 31 March 2005	4,000	10,000	13,768	9,398	1,202	38,368
Accumulated depreciation:						
As at 1 April 2004	–	–	–	7,015	–	7,015
Provided during the year	–	172	2,728	722	479	4,101
Acquisition of a subsidiary *(note 29(a))*	–	–	25	5	20	50
Revaluations	–	(172)	(2,753)	–	(499)	(3,424)
As at 31 March 2005	–	–	–	7,742	–	7,742
Net book value:						
As at 31 March 2005	**4,000**	**10,000**	**13,768**	**1,656**	**1,202**	**30,626**
As at 31 March 2004	1,500	1,900	12,700	1,411	1,075	18,586
Analysis of cost or valuation:						
At cost	–	–	–	9,398	–	9,398
At valuation	4,000	10,000	13,768	–	1,202	28,970
As at 31 March 2005	**4,000**	**10,000**	**13,768**	**9,398**	**1,202**	**38,368**
At cost	–	–	–	8,426	–	8,426
At valuation	1,500	1,900	12,700	–	1,075	17,175
As at 31 March 2004	1,500	1,900	12,700	8,426	1,075	25,601

For the year ended 31 March 2005

13. FIXED ASSETS *(continued)*

Company

	Furniture and equipment HK$'000
Cost:	
As at 1 April 2004	2,061
Additions	79
As at 31 March 2005	2,140
Accumulated depreciation:	
As at 1 April 2004	1,115
Provided during the year	392
As at 31 March 2005	1,507
Net book value:	
As at 31 March 2005	**633**
As at 31 March 2004	946

The investment property is situated in Hong Kong SAR and is held under medium term leases. At 31 March 2005, the investment property was carried at valuation performed by AA Property Services Limited, independent professionally qualified valuers, on the open market, existing use basis at HK$4,000,000, and surpluses of HK$850,000 and HK$1,650,000 arising therefrom have been credited to the profit and loss account (note 7) and the investment property revaluation reserve respectively. The investment property is leased to third parties under operating leases, further summary details of which are included in note 30 to the financial statements.

The medium term leasehold land and buildings are situated in Hong Kong SAR. At 31 March 2005, the leasehold land and buildings were carried at valuation performed by AA Property Services Limited, on the open market, vacant possession basis at HK$10,000,000, and surpluses of HK$600,000 and HK$1,956,000 arising therefrom have been credited to the profit and loss account (note 7) and the asset revaluation reserve respectively.

At 31 March 2005, the plant and machinery and motor vehicles were carried at valuation performed by AA Property Services Limited, on the fair market value, continued use basis at HK$13,768,000 and HK$1,202,000, respectively. A surplus of HK$3,516,000 and a surplus of HK$628,000 arising from these revaluations have been credited to the asset revaluation reserve respectively. The directors believe that the carrying value of furniture and equipment of HK$1,656,000 approximates their fair values as at 31 March 2005 and, in view of the immateriality of the individual amount involved, a professional valuation has not been carried out on these assets.

Had the Group's fixed assets been stated at cost less accumulated depreciation, the carrying amounts of leasehold land and buildings, plant and machinery, and motor vehicles as at 31 March 2005 would have been restated at HK$10,641,000, HK$11,509,000 and HK$460,000, respectively.

Certain of the Group's fixed assets with an aggregate carrying value of HK$14,000,000 (2004: HK$3,400,000) have been pledged as security in respect of banking facilities granted to the Group as at 31 March 2005. Further details regarding the pledge of fixed assets are set out in note 24 to the financial statements.

14. GOODWILL

The amount of the goodwill capitalised as an asset in the consolidated balance sheet, arising from the acquisition of subsidiaries, is as follows:

	Goodwill
	HK$'000
Cost:	
As at 1 April 2004	2,429
Acquisition of a subsidiary *(note 29 (a))*	456
As at 31 March 2005	2,885
Accumulated amortisation:	
As at 1 April 2004	–
Amortisation provided during the year	577
As at 31 March 2005	577
Net book value:	
As at 31 March 2005	**2,308**
As at 31 March 2004	2,429

15. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2005	2004
	HK$'000	*HK$'000*
Share of net assets	**47,014**	30,984
Share of net deficiency in assets *(note 31 (ii))*	**(318)**	(310)
	46,696	30,674
Less: provision for impairment	**(589)**	–
	46,107	30,674

15. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

The amounts due from jointly-controlled entities are classified as current assets under other receivables (note 19).

The Group's share of net profits of jointly-controlled entities for the year amounted to HK$3,602,000 (2004: HK$9,528,000).

The Group's share of retained profits of jointly-controlled entities at the balance sheet date amounted to HK$8,921,000 (2004: HK$5,731,000).

Particulars of the principal jointly-controlled entities as at 31 March 2005 are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Voting power controlled by the Group	Percentage of equity interest and profit sharing attributable to the Group	Principal activities
AWG-JV Limited (i)	Corporate	Hong Kong	50.0	50.0	Foundation piling works
Costain-China Harbour Joint Venture (i)	Unincorporated	Hong Kong	33-1/3	40.0	Foundation piling works
CCL Joint Venture (i)	Unincorporated	Hong Kong	33-1/3	33.0	Superstructure construction
China Harbour–Transfield Joint Venture (i)	Unincorporated	Hong Kong	25.0	15.3	Drainage improvement
W. Hing-Kentech Joint Venture (i)	Unincorporated	Hong Kong	60.0	70.0	Superstructure construction
MLL-CWF Joint Venture (i)	Unincorporated	Hong Kong	50.0	40.0	Foundation piling works

15. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

Name	Business structure	Place of incorporation/ registration and operations	Voting power controlled by the Group	Percentage of equity interest and profit sharing attributable to the Group	Principal activities
China Harbour-CWF Joint Venture (i)	Unincorporated	Hong Kong	50.0	49.0	Foundation piling works
Veolia Water (Zhuhai) Wastewater Treatment Company Limited (i)	Corporate	People's Republic of China (the "PRC")	25.0	24.0	Provision of wasterwater treatment service
Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited (i)	Corporate	PRC	25.0	23.4	Provision of wastewater treatment management service

Note:

(i) Not audited by HLB Hodgson Impey Cheng or other HLB International member firms.

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net 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.

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For the year ended 31 March 2005

16. INTERESTS IN ASSOCIATES

	Group	
	2005	2004
	HK$'000	*HK$'000*
Share of net assets	**2,454**	2,456

The amounts due from associates are classified as current assets under other receivables (note 19).

The Group's share of net profits of associates for the year amounted to HK$176,000 (2004: net profits of HK$2,456,000). The Group's share of retained profits of associates at the balance sheet date was HK$2,446,000 (2004: HK$2,456,000).

Particulars of the associates as at 31 March 2005 are as follows:

Name	**Business structure**	**Place of incorporation and operations**	**Percentage of equity interest attributable to the Group**	**Principal activities**
Centriline Asia Limited (in compulsory liquidation) *(i)*	Corporate	Hong Kong	50	Dormant
CLJV Limited *(i)*	Corporate	Hong Kong	50	Property investment
Design Landscapes International (Group) Company Limited *(i)*	Corporate	Hong Kong	50	Provision of landscaping services
Aquatec International Limited (Formerly known as W H Projects Management Limited) *(ii)*	Corporate	Hong Kong	24	Provision of cooling tower water management treatment service
King Fine Development Limited	Corporate	Hong Kong	35	Property development

16. INTERESTS IN ASSOCIATES *(continued)*

(i) Not audited by HLB Hodgson Impey Cheng or other HLB International member firms.

(ii) On 30 June 2004, Aquatec International Limited ("Aquatec"), formerly a wholly owned subsidiary and formerly known as W H Projects Management Limited, allotted 98 of its new ordinary shares of HK$1 each, as to 22 new shares to the Group and as to the remaining 76 new shares to third parties, at par for cash. As a result of this share allotment, the Group's equity interest in Aquatec was reduced from 100% to 24%. Accordingly, the results of Aquatec were consolidated up to 30 June 2004 and accounted for as an associate of the Group thereafter. Details of the assets and liabilities of Aquatec as of the date of the dilution of interest in Aquatec are set out in note 29(b) to the financial statements.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK$'000	*HK$'000*
Unlisted shares, at cost	**53,662**	53,662
Due from subsidiaries	**191,968**	178,483
	245,630	232,145
Provisions for impairment and amounts due from subsidiaries	**(124,855)**	(125,494)
	120,775	106,651
Due from subsidiaries classified as current assets	**(13,763)**	(22,761)
	107,012	83,890

The amounts due from subsidiaries are unsecured and interest-free. Except for an amount of HK$107,012,000 (2004: HK$83,890,000), of which the Company has undertaken not to demand repayment on or before 31 March 2006, the remaining balances have no fixed terms of repayment.

Notes to Financial Statements

For the year ended 31 March 2005

17. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's subsidiaries as at 31 March 2005 are as follows:

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Wing Hing Group (BVI) Limited	British Virgin Islands	Ordinary HK$320,000	100	Investment holding
CWS International Trading Limited	British Virgin Islands	Ordinary US$10	100	Investment holding
Indirectly held				
W. Hing Construction Company Limited	Hong Kong	Ordinary HK$102,300,100 Deferred *(i)* HK$2,380,000	100	Superstructure construction
CWF Piling & Civil Engineering Company Limited	Hong Kong	Ordinary HK$48,500,000 Deferred *(i)* HK$1,500,000	100	Foundation piling works
Anpoint Engineering Limited	Hong Kong	Ordinary HK$14,000,000	100	Electrical and mechanical construction
Asian Creator Engineering Limited	Hong Kong	Ordinary HK$10	100	Specialised building works
Sunny Engineering Limited	Hong Kong	Ordinary HK$1,000	100	Machine leasing

17. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held *(continued)*				
W H China (Holdings) Limited	Hong Kong	Ordinary HK$2	100	Investment holding
W H Interior Design and Contracting Company Limited	Hong Kong	Ordinary HK$2	100	Interior decoration
JCL Engineering Limited	Hong Kong	Ordinary HK$10,000	91	Foundation piling works
SprayTec Engineering Limited	Hong Kong	Ordinary HK$2	100	Trading of construction machines
CSP (HK) Limited	Hong Kong	Ordinary HK$10	60	Superstructure construction
TCL Piling Specialist Limited ("TCL") *(iii)*	Hong Kong	Ordinary HK$1,920,002	100	Foundation piling works
CHEC-CWF Joint Venture	Hong Kong	–	51	Foundation piling works
Supertact Plastics Company Limited ("Supertact")	Hong Kong	Ordinary HK$4,000,000	100	Trading of plastic products
Design Landscapes International (HK) Company Limited *(ii)* & *(iv)*	Hong Kong	Ordinary HK$1,240,000	51	Provision of landscaping services

17. INTERESTS IN SUBSIDIARIES *(continued)*

(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 31 March 2005, all these deferred shares were owned by Wing Hing Group (BVI) Limited.

(ii) Not audited by HLB Hodgson Impey Cheng or other HLB International member firms.

(iii) An option exists for the minority shareholders of TCL to acquire from the Group an interest of 1% to 8% shareholding in TCL currently held by the Group at a consideration equivalent to the Group's original cost paid for the acquisition of the underlying shares.

(iv) During the year, the Group increased its equity interest in Design Landscapes International (HK) Company Limited ("DLI (HK)") from 25% to 51% by acquiring an additional 26% equity interest from a shareholder of DLI (HK) for a cash consideration of approximately HK$532,000. DLI (HK) was previously held by the Group as an associate. As a result, DLI (HK) was accounted for as a subsidiary of the Group thereafter.

18. ACCOUNTS RECEIVABLE

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

	Group	
	2005	2004
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**406,766**	1,119,528
Less: Progress billings	**384,382**	1,088,773
Amounts due from contract customers	**22,384**	30,755

18. ACCOUNTS RECEIVABLE *(continued)*

Retentions amounting to HK$20,377,000 (2004: HK$22,093,000) held by contract customers are included in accounts receivable. Retentions held by contract customers that are recoverable after and within 12 months from the balance sheet date amounting to HK$6,762,000 (2004: HK$5,099,000) and HK$20,377,000 (2004: HK$22,093,000) at 31 March 2005, are classified as contract retention receivables under non-current assets and accounts receivable under current assets, respectively.

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.

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

	Group	
	2005	2004
	HK$'000	*HK$'000*
Current to 90 days	**81,527**	73,957
91 days to 180 days	**6,208**	11,179
181 days to 365 days	**5,529**	5,795
Over 365 days	**22,268**	19,476
	115,532	110,407

Included in the Group's accounts receivable is an amount due from the Group's jointly-controlled entity of approximately HK$10,754,000 at 31 March 2005, which is unsecured, interest-free and payable on similar credit terms to those offered to other major customers of the Group. The receivable arose from the undertaking of construction contract works during the year.

19. OTHER RECEIVABLES

	Group	
	2005	2004
	HK$'000	*HK$'000*
Prepayments, deposits, other debtors and other assets	**4,854**	4,869
Due from a related company	**1,895**	1,895
Due from jointly-controlled entities	**8,417**	6,559
Due from associates	**9,870**	7,703
Due from minority shareholders	**2,428**	355
Dividend receivable from a jointly-controlled entity	**–**	2,500
	27,464	23,881

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

Particulars of the amount due from a related company, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	31 March 2005	Maximum outstanding amount during the year	1 April 2004
	HK$'000	*HK$'000*	*HK$'000*
Total Success Worldwide Limited	**1,895**	1,895	1,895

The balance represents claim liabilities recoverable from the related company which is beneficially and wholly-owned by certain directors of the Company, and is unsecured, interest-free and repayable on demand.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**13,025**	5,183	**333**	701
Time deposits	**35,025**	37,375	**–**	–
	48,050	42,558	**333**	701
Less: Pledged time deposits:				
Pledged for short term bank loans	**(10,000)**	(10,000)	**–**	–
Pledged for trust receipt loans and other banking guarantee facilities	**(25,025)**	(27,375)	**–**	–
Cash and cash equivalents	**13,025**	5,183	**333**	701

21. ACCOUNTS AND BILLS PAYABLE

Included in accounts and bills payable are the 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 recognised profits less recognised losses at the balance sheet date:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**802,652**	246,484
Less: Progress billings	**826,920**	271,812
Amounts due to contract customers	**24,268**	25,328

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21. ACCOUNTS AND BILLS PAYABLE *(continued)*

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

	Group	
	2005	2004
	HK$'000	*HK$'000*
Current to 90 days	**56,483**	56,155
91 days to 180 days	**2,043**	3,879
181 days to 365 days	**2,860**	2,392
Over 365 days	**21,522**	12,816
	82,908	75,242

22. OTHER PAYABLES AND ACCRUALS

	Group	
	2005	2004
	HK$'000	*HK$'000*
Accrued liabilities and other payables	**5,005**	12,211
Due to jointly-controlled entities	**6,342**	9,545
Due to associates	**2,457**	–
Due to minority shareholders	**15,106**	6,991
	28,910	28,747

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

23. CONVERTIBLE NOTE

On 12 May 2004, the Company entered into a conditional subscription agreement (the "Note Subscription Agreement") with Grand Legend Limited (the "Subscriber") and Mr. Lo Chun Yang in respect of the subscription of convertible note (the "Note") with an aggregate principal amount of HK$11,500,000. 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 eighteen calendar months after the date of issue of the Note (the "Maturity Date"). The 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 the date of issue of the Note and up to the Maturity Date. The completion of the Note Subscription Agreement took place after all the conditions as set out in the Note Subscription Agreement had been fulfilled in June 2004. Details of the above transactions were set out in the announcement of the Company dated 12 May 2004.

Subsequent to the balance sheet date, the 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 the Company were issued to the Subscriber. All shares issued upon conversion rank pari passu in all respects with the then existing shares of the Company.

24. INTEREST-BEARING BANK BORROWINGS, SECURED

	Group	
	2005	2004
	HK$'000	*HK$'000*
Bank overdrafts	**3,707**	3,047
Trust receipt loans	**3,680**	611
Bank loans repayable within one year	**–**	11,168
Portion classified as current liabilities	**7,387**	14,826

As at 31 March 2005, the Group's banking facilities were supported by the following:

(i) legal charges over the Group's leasehold land and buildings and an investment property, which are all situated in Hong Kong, with carrying values of HK$10,000,000 (2004: HK$1,900,000) and HK$4,000,000 (2004: HK$1,500,000), respectively (note 13);

(ii) pledged deposits of HK$35,025,000 (2004: HK$37,375,000) of the Group (note 20);

(iii) corporate guarantees to the extent of HK$46.5 million (2004: HK$40 million) in aggregate executed by the Company in respect of banking facilities granted to certain subsidiaries of the Company (note 31(i)); and

(iv) cross guarantees amongst certain subsidiaries of the Company.

25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Accelerated tax depreciation	Revaluation of fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2003	1,474	1,849	3,323
Deferred tax credited to the profit and loss account *(note 10)*	(1,162)	–	(1,162)
Deferred tax credited to equity	–	(61)	(61)
As at 31 March 2004 and as at 1 April 2004	312	1,788	2,100
Deferred tax credited to the profit and loss account *(note 10)*	(60)	–	(60)
Deferred tax credited to equity	–	(237)	(237)
As at 31 March 2005	**252**	**1,551**	**1,803**

25. DEFERRED TAX *(continued)*

Deferred tax assets

Group

	Loss available for offset against future taxable profit	Decelerated tax depreciation	Revaluation of fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2003	2,758	–	115	2,873
Acquisition of subsidiaries	190	14	–	204
Deferred tax (charged)/credited to the profit and loss account during the year *(note 10)*	(276)	–	9	(267)
As at 31 March 2004 and as at 1 April 2004	2,672	14	124	2,810
Deferred tax charged to the profit and loss account during the year *(note 10)*	(857)	(14)	–	(871)
As at 31 March 2005	**1,815**	**–**	**124**	**1,939**
Net deferred tax assets as at 31 March 2005				**136**
Net deferred tax assets as at 31 March 2004				710

At 31 March 2005, there is no significant unrecognised deferred tax liabilities (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or jointly-controlled entities as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

Shares

	2005	2004
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
287,500,000 ordinary shares of HK$0.10 each	**28,750**	28,750

Share options

Details of the Company's share option scheme are included in note 27 to the financial statements.

The Company had no outstanding share options granted under its share option scheme during each of the two years ended 31 March 2005.

27. SHARE OPTION SCHEMES

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-calibre 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 29 August 2002 and unless otherwise terminated or amended, will remain in force for 10 years from that date.

27. SHARE OPTION SCHEMES *(continued)*

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.

27. SHARE OPTION SCHEMES *(continued)*

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares 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.

No share options were granted under the Scheme as at 31 March 2005.

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group arose as a result of the Group reorganisation 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 reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor.

An amount of HK$4,649,000 included in the investment property revaluation reserve and an amount of HK$3,107,000 included in the asset revaluation reserve, attributable to leasehold land and buildings, have been frozen and are not available for absorbing any deficit arising from revaluation of the underlying properties which gave rise to these reserves. Such freezing of reserves arose during the year ended 31 March 1998, when the directors of the Company changed the intended use of certain of the Group's investment properties and transferred these properties at their then carrying values to leasehold land and buildings. A transfer to investment properties was also made in respect of certain of the Group's leasehold land and buildings.

As detailed in note 3 to the financial statements, the Group adopted the transitional provision of SSAP 30 which permits goodwill in respect of acquisitions which occurred prior to the Group's accounting period beginning 1 April 2001, to remain eliminated against consolidated reserves. The amount of goodwill arising from the acquisition of subsidiaries prior to the Group's accounting period beginning 1 April 2001, which remains eliminated in consolidated reserves as at 31 March 2005 was HK$72,000.

28. RESERVES *(continued)*

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2003	166,405	51,562	(136,099)	81,868
Net loss for the year	–	–	(2,709)	(2,709)
As at 31 March 2004 and as at 1 April 2004	166,405	51,562	(138,808)	79,159
Results for the year	–	–	–	–
As at 31 March 2005	**166,405**	**51,562**	**(138,808)**	**79,159**

The contributed surplus of the Company arose as a result of the Group reorganisation scheme referred to in note 28(a) above and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. In accordance with the laws of Bermuda, the contributed surplus is distributable in certain circumstances.

For the year ended 31 March 2005

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	Notes	2005 HK$'000	2004 HK$'000
Net assets acquired:			
Fixed assets	13	**510**	13
Deferred tax assets		**–**	204
Interests in a jointly-controlled entity		**–**	590
Accounts receivable		**5,578**	1,844
Prepayments, deposits, other debtors and other assets		**126**	19
Due from related companies		**(2,717)**	–
Due from a jointly-controlled entity		**–**	1,255
Tax recoverable		**–**	21
Cash and bank balances		**825**	53
Accounts payable		**(3,813)**	(1,744)
Accrued liabilities and other payables		**–**	(1,142)
Minority interests		**(250)**	–
		259	1,113
Goodwill on acquisition	14	**456**	2,429
		715	3,542
Satisfied by:			
Cash		**532**	3,542
Reclassification to interests in subsidiaries from interests in associates		**183**	–
		715	3,542

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(a) Acquisition of subsidiaries *(continued)*

An analysis of the net inflow/ (outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2005	2004
	HK$'000	*HK$'000*
Cash consideration	**(532)**	(3,542)
Cash consideration payable	**–**	2,600
Cash and bank balances acquired	**825**	53
Net inflow/ (outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries	**293**	(889)

The subsidiary acquired during the year ended 31 March 2005 contributed HK$8,137,000 to the Group's turnover and HK$599,000 to the consolidated profit after tax and before minority interests for the year ended 31 March 2005. As the subsidiary acquired was reclassified from an associate to a subsidiary, these turnover and profit after tax amounts exclude the former associate's contribution to the results prior to it becoming a subsidiary.

During the year ended 31 March 2004, on 2 December 2003, the Group acquired 100% equity interest in Supertact from an independent third party. Supertact is engaged in the trading of plastic products. The purchase consideration for the acquisition was HK$3,542,000 and has been fully settled during the year ended 31 March 2005.

Since its acquisition and up to 31 March 2004, Supertact contributed HK$7,843,000 to the Group's turnover and net profit of HK$316,000 to the consolidated loss after tax and before minority interests for the year ended 31 March 2004.

For the year ended 31 March 2005

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Disposal of subsidiaries

	2005	2004
	HK$'000	*HK$'000*
Net assets/ (liabilities) disposed of:		
Fixed assets	**–**	76
Accounts receivable	**–**	291
Due from a jointly-controlled entity	**–**	94
Cash and bank balances	**9**	93
Accounts payable	**–**	(625)
Due to a related company	**(101)**	–
Accrued liabilities and other payables	**–**	(490)
Minority interests	**–**	(200)
	(92)	(761)
Gain on disposal of subsidiaries	**92**	1,161
	–	400
Satisfied by:		
Cash	**–**	400

An analysis of the net (outflow)/ inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2005	2004
	HK$'000	*HK$'000*
Cash consideration	**–**	400
Cash and bank balances disposed of	**(9)**	(93)
Net (outflow)/ inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(9)**	307

The results of the subsidiaries disposed of during the two years ended 31 March 2005 had no significant impact on the Group's consolidated turnover or profit/ (loss) after tax for the respective years.

30. COMMITMENTS

(i) Operating lease commitments

(a) As lessor

The Group leases its investment property (note 13) under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The terms of the leases also require the tenants to pay security deposits.

At 31 March 2005, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
Within one year	**56**	–

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 March 2005, the Company and the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**112**	723	**–**	369
In the second to fifth years, inclusive	**–**	50	**–**	–
	112	773	**–**	369

For the year ended 31 March 2005

30. COMMITMENTS *(continued)*

(ii) Capital commitments contracted for

	Group	
	2005	2004
	HK$'000	*HK$'000*
Capital contribution to jointly-controlled entities	–	11,046
Acquisition of fixed assets	–	5,030
	–	16,076

31. CONTINGENT LIABILITIES

(i) At the balance sheet date, the Company and the Group had the following contingent liabilities:

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees in respect of performance bonds in favour of contract customers	**48,908**	32,223	–	–
Corporate guarantees for liabilities of subsidiaries in respect of:				
Interest-bearing bank borrowings	–	–	–	11,168
Banking facilities	–	–	**15,651**	15,651
	48,908	32,223	**15,651**	26,819

In addition to the above, as at the balance sheet date, the Company had executed guarantees in favour of contract customers in respect of the performance of a jointly-controlled entity's obligation under contracts with contract sum of HK$84,938,000 (2004: HK$84,938,000).

As at 31 March 2004, 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 HK$9,068,000.

As at 31 March 2004, the Group's jointly-controlled entities had contingent liabilities in respect of performance bond guarantees amounting to HK$18,720,000 to which the Group, together with other joint venture partners, are jointly and severally liable.

31. CONTINGENT LIABILITIES *(continued)*

(ii) As at 31 March 2005, 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 as at the balance sheet date in the amount of HK$318,000 (2004: HK$310,000) has already been accounted for (note 15) in presenting these financial statements.

(iii) The 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 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 have been made in the financial statements for the four years 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 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, in aggregate, as at 31 March 2005. Having regard to the circumstances surrounding the prolonged contract works as described above, the directors are however of the opinion that the 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 Group's grounds of claiming waiver of these possible liquidated damages has yet to be reviewed and approved by the HA, the directors are of the opinion that the likelihood of such damages falling to the Group is not probable and a provision therefor has not been made in presenting the financial statements for the five years ended 31 March 2005.

31. CONTINGENT LIABILITIES *(continued)*

(iii) *(continued)*

In July 2001, the piling sections involved in these HA contract works were completed and, to date, the Group has not received any complaint or indications from the HA regarding sub-standard piling works. The Group is presently in the process of filing 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. However, as the negotiations with the HA have not yet reached an advanced stage, in view of the uncertainties involved, no accrual for the potential compensation revenue has been made in these financial statements.

(iv) 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 in these financial statements.

(v) As further explained under the heading "Employee benefits" in note 3 to the financial statements, 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$2.9 million as at 31 March 2005. 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 Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised 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.

(vi) 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.

31. CONTINGENT LIABILITIES *(continued)*

(vii) The Group was engaged in the undertaking of a HVAC installation works contract in 2004. In December 2004, the Group 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 the Group has a good chance of defending the counterclaim. Accordingly, the directors consider that a provision for the counterclaim is not necessary.

32. PLEDGE OF ASSETS

Details of the Group's bank borrowings which are secured by assets of the Group, are included in note 24 to the financial statements.

33. PENDING LITIGATION

(i) 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 defence 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.

(ii) 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 Group is liable for the settlement of sub-contracting charges to the sub-contractor. Having considered the legal counsel's advice, the directors believe that the Group has meritorious defences for the claim. Accordingly, the directors consider that a provision for the claim is not necessary.

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following significant related party transactions during the year.

		Group	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
Service fee income from jointly-controlled entities	*(i)*	**(1,716)**	(5,142)
Service fee income from an associate	*(i)*	**(865)**	(197)
Sale of materials to an associate and a jointly-controlled entity	*(ii)*	**(11,544)**	(2,515)
Purchases of finished goods from a jointly-controlled entity	*(ii)*	**16,780**	4,698
Subcontracting fee paid to a jointly-controlled entity	*(iii)*	**23,278**	153,457
Contract sum received and receivable from jointly-controlled entities	*(iv)*	**(93,804)**	(40,340)
Contract sum received and receivable from a minority shareholder of a subsidiary	*(v)*	**–**	(5,785)

Notes:

(i) The service fee income was charged in relation to the provision of management services and consultancy services in respect of the undertaking of construction works. The service charge was made on a cost recovery basis.

(ii) The directors consider that the sale of materials and purchase of finished goods were made in accordance with terms mutually agreed between the parties.

(iii) The directors consider that 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 directors consider that these contract fees were charged in accordance with terms mutually agreed between the parties.

(v) The contract sum was received in respect of renovation works rendered to external walls of two town hall complexes, of which the minority shareholder is the main contractor. The directors consider that these contract fees were charged according to terms similar to those offered to non-related contract customers of the Group.

35. POST BALANCE SHEET EVENTS

(i) On 27 June 2005, the Company announced that on 21 June 2005, Wing Hing Group (BVI) Limited ("Wing Hing BVI"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement ("Acquisition Agreement") with Complete Success Limited ("Vendor"). CSP (HK) Limited ("CSP") is a company incorporated in Hong Kong and as at the date of approval of these financial statements, an indirect non-wholly owned subsidiary of the Company, which is owned as to 60% by Wing Hing BVI and as to 40% by the Vendor.

Pursuant to the Acquisition Agreement, Wing Hing BVI agreed to acquire from the Vendor four shares of CSP of HK$1 each, 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 the Vendor, at an aggregate consideration of HK$14,063,188.68. The consideration will be satisfied (i) as to 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 the Vendor, credited as fully paid, at a price of HK$0.20 per Consideration Share; (ii) as to HK$4,946,207.55 by Wing Hing BVI paying in cash to the Vendor; (iii) as to HK$4,716,981.13 by Wing Hing BVI paying in cash to Veolia Water (Zhuhai) Wastewater Treatment Company Limited ("Veolia Water (Zhuhai)") to settle the loan of HK$4,716,981.13 owed by the Vendor to Veolia Water (Zhuhai); and (iv) as to HK$1,000,000 by Wing Hing BVI procuring the Company to issue 50,000,000 new unlisted warrants of the Company to the Vendor at a warrant issue price of HK$0.02 per warrant. The above transactions have not been completed as of the date of approval of these financial statements. Further details are set out in the Company's announcement dated 27 June 2005.

(ii) On 27 June 2005, the Company announced that it proposes 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 will be applied to write off the accumulated losses of the Company which amounted to HK$138,808,000 as at 31 March 2004. The Capital Reduction will become effective on the date of passing of the special resolution by the shareholders of the Company at a special general meeting to be held to approve the Capital Reduction. Further details of the Capital Reduction are set out in the Company's announcement dated 27 June 2005.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 July 2005.