THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

VERY SUBSTANTIAL ACQUISITION

A notice convening a special general meeting of the Company to be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 10 March 2008 at 11:00 a.m. is set out on pages 153 to 154 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the special general meeting if you so wish.

22 February 2008

CONTENTS

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

"Acquisition"	the acquisition of the Sale Share and the Sale Loan by the Purchaser as contemplated under the Sale and Purchase Agreement
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Wing Hing International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
"connected persons"	has the meaning ascribed to this term under the Listing Rules
"Consideration"	the consideration of HK$250,000,000 payable by the Purchaser to the Vendor for the Acquisition and to be satisfied in the manner as described in this circular
"Consideration Shares"	14,700,000 new Shares to be allotted and issued
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition
"Group"	the Company and its subsidiaries
"HK Subsidiary"	Asia Biodiesel and Renewable Energy (Mongolia) Company Limited, a direct wholly-owned subsidiary of the Target
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

"Issue Price"	the issue price of approximately HK$5.44 per Consideration Share
"Latest Practicable Date"	19 February 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"PRC Subsidiary"	內蒙古蒙威生物油環保制品有限公司 (transliterated as Inner Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited#), a Chinese-foreign joint-venture enterprise established in the PRC, is an indirect non-wholly owned subsidiary of the Target, 55% of the registered capital of which is beneficially owned by the HK Subsidiary
"Promissory Note"	the promissory note to be executed by the Company in favour of the Vendor for the purpose of settling partially the consideration for the Sale Share and the Sale Loan under the Sale and Purchase Agreement
"Purchaser"	CWS International Trading Limited, a wholly owned subsidiary of the Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 10 January 2008 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Share and the Sale Loan
"Sale Share"	one ordinary share of US$1.00 in the issued share capital of the Target, representing the entire issued share capital of the Target
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 31 December 2007, amounted to HK$90,020,492
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"SGM"	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the issue of the Promissory Note
"Share(s)"	ordinary share(s) of HK$1.00 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Farrell Global Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Vendor
"Target Group"	the Target, the HK Subsidiary and the PRC Subsidiary or where the context so requires in respect of the period before the Target became the holding company of its present subsidiaries, the present subsidiaries of the Target
"Valuer"	Asset Appraisal Limited, an independent valuer
"Vendor"	Liu Pui Lan, an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

For the purpose of this circular, unless otherwise specified, conversions of RMB into HK$ and US$ into HK$ are based on the approximate exchange rate of RMB0.94 to HK$1.00 and US$1.00 to HK$7.78 respectively.

the English translations of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

WING HING INTERNATIONAL (HOLDINGS) LIMITED

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

Executive Directors:
Ng Tat Leung, George *(Chairman)*
Wong Teck Ming *(Deputy Chairman)*
Lui Siu Yee, Samuel
Chan Wai Keung, Ivan
Lo Chung Sun, Simon

Independent non-executive Directors:
Wong Lit Chor, Alexis
Leung Wai Cheung
Lo Ka Wai

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

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

22 February 2008

To the Shareholders

Dear Sir or Madam

VERY SUBSTANTIAL ACQUISITION

INTRODUCTION

Reference is made to the announcement of the Company dated 14 January 2008 in which the Board announced that on 10 January 2008, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor to acquire the Sale Share and the Sale Loan for a total consideration of HK$250,000,000.

The Acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of Shareholders at the SGM.

The purpose of this circular is to provide you with further information regarding the Acquisition and to seek approval from the Shareholders for the Acquisition and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares.

THE SALE AND PURCHASE AGREEMENT

Date: 10 January 2008

Parties: (1) Purchaser : CWS International Trading Limited, a wholly owned subsidiary of the Company

(2) Vendor : Liu Pui Lan, an Independent Third Party

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and her associates is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell: (i) the Sale Share, representing the entire issued share capital of the Target as at the Latest Practicable Date; and (ii) the Sale Loan, which amounts to approximately HK$90,020,492 as at 31 December 2007.

Consideration

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

(a) HK$80,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price on Completion;

(b) HK$50,000,000 shall be payable in cash by the Purchaser to the Vendor on Completion; and

(c) the balance of HK$120,000,000 shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note to the Vendor on Completion.

The Consideration was determined with reference to the valuation of the PRC Subsidiary by Asset Appraisal Limited, an independent valuer. The PRC Subsidiary was preliminarily valued by at HK$780,000,000 as at 31 December 2007 by adopting the market approach to value the PRC Subsidiary. The market approach provides indications of value of a business by measuring a multiple computed by dividing the price of the comparable companies shares by their relevant economic variable of revenue. Having considered the professional qualification of the Valuer and its relevant experiences in valuing the agricultural or pharmaceutical chemical related projects, the Directors are of the view that it is reasonable and appropriate to rely on the valuation made by the Valuer to determine the Consideration.

The Consideration for the Sale Share and the Sale Loan was agreed between the Vendor and the Purchaser after arm's length negotiations after considering: (i) the valuation of the PRC Subsidiary and the indirect interests of the Target in 55% of the registered capital of the PRC Subsidiary; and (ii) the belief of the Directors that the Acquisition will provide stable income source for the Group. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;

(b) all necessary consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(c) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder, including but not limited to: (i) the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid; and (ii) the execution of the Promissory Note;

(d) the Purchaser having received from a firm of professional surveyors and valuers chosen by the Purchaser, a property valuation report on the PRC Subsidiary showing the value of the business as at 31 December 2007 to be not less than HK$780,000,000;

(e) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects;

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and

(g) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares.

Conditions (a), (d) and (e) are waivable by the Purchaser under the Sale and Purchase Agreement. The Purchaser has no current intention to waive such conditions. If the conditions have not been satisfied (or as the case may be, waived by the Purchaser) on or before 30 April 2008, or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (a), (b), (d) and (e) had been fulfilled.

Completion

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

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company.

There is no current intention for the Vendor to nominate any Director to the Board.

THE CONSIDERATION SHARES

The 14,700,000 Consideration Shares will be issued at the Issue Price of approximately HK$5.44 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price represents: (i) a premium of approximately 128.57% over the closing price of HK$2.38 per Share as quoted on the Stock Exchange on 10 January 2008, being the date of the Sale and Purchase Agreement; (ii) a premium of approximately 148.40% over the average of the closing prices of approximately HK$2.19 per Share for the last five consecutive trading days up to and including 10 January 2008, being the date of the Sale and Purchase Agreement; (iii) a premium of approximately 83.78% over the net asset value per Share of approximately HK$2.96 based on the audited consolidated financial statements of the Group as of 31 March 2007; and (iv) a premium of approximately 165.37% over the closing price of HK$2.05 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to various factors including the closing prices of the Shares as set out above. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM and will be allotted and issued on the date of Completion.

The Consideration Shares represent approximately 27.07% of the existing issued share capital of the Company and approximately 21.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Upon the allotment and issue of the Consideration Shares, there will not be any change in control of the Company.

The Vendor undertakes to and covenants with the Purchaser that she will not, within the period commencing on the date of Completion and ending on the date falling six months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares or any interests therein in respect of any of the Consideration Shares.

The Vendor further undertakes to and covenants with the Purchaser that she will not, without prior written consent of the Purchaser, within a further six months commencing on the expiry of the six month period referred to in the above paragraph, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares if, immediately following such disposal the Vendor would cease to be a substantial Shareholder (as defined in the Listing Rules).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

TERMS OF PROMISSORY NOTE

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

Issuer

The Company

Principal amount

HK$120,000,000

Interest

The Promissory Note carries no interest.

Maturity

A fixed term of five years from the date of issue of the Promissory Note.

Early repayment

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

Assignment

The Promissory Note may be transferred or assigned by the holder of the Promissory Note to any party other than a connected person of the Company in multiples of HK$10,000,000.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

	As at the Latest Practicable Date and before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares	
Shareholders	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Ng Tat Leung, George *(Note 1)*	4,917,369	9.06	4,917,369	7.13
Lui Siu Yee, Samuel	30,600	0.05	30,600	0.04
Wong Teck Ming *(Note 1)*	30,000	0.05	30,000	0.04
Total Success Worldwide Limited *(Note 1)*	10,772,700	19.84	10,772,700	15.61
Grand Legend Limited *(Note 2)*	10,775,081	19.84	10,775,081	15.62
The Vendor	–	–	14,700,000	21.30
Public Shareholders	27,774,250	51.16	27,774,250	40.26
Total:	54,300,000	100.00	69,000,000	100.00

Notes:

1. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Chan Mo Yan, deceased, as to approximately 46.46% by Ng Tat Leung, George, the chairman of the Company and the managing Director, and as to approximately 7.08% by Wong Teck Ming, an executive Director.

2. The entire issued share capital of Grand Legend Limited is owned by Lo Chun Yang. Loh Siu Yin, Lulu is the spouse of Lo Chun Yang.

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands on 17 August 2007 and is principally engaged in investment holding. The HK Subsidiary, a direct wholly-owned subsidiary of the Target, was incorporated in Hong Kong on 11 January 2007. The PRC Subsidiary, a 55% owned subsidiary of the HK Subsidiary, was established in the PRC on 30 October 2007 and is principally engaged in development and management of a series of sophora products and development and management of biological vegetable oil, including sunflower oil. The remaining 45% of the registered capital of the PRC Subsidiary is beneficially owned by 內蒙古苦豆籽投資有限公司 (Inner Mongolia Sophora Investment Company Limited#), which is an Independent Third Party.

Sophora is a genus of trees and shrubs, and a few perennial herbs, in which the leaves are alternate, usually pinnate with numerous leaflets and with stipules. Sophora is extensively used in Chinese medicine and is recognised for its effectiveness in dispelling heat (清熱), drying dampness (袪濕), expelling wind (除風), and eliminating intestinal parasites (杜蟲).

Sunflower oil is the non-volatile oil extracted from sunflower seeds. Sunflower oil is high in the essential vitamin E and low in saturated fat and is recognised for its effectiveness in reducing the risk of coronary heart disease. Studies of adults suggested that a balanced diet in which small quantities of saturated fats are replaced with sunflower oil has detectable cholesterol-reducing benefits. Research suggests that lower cholesterol levels can be caused by balances of polyunsaturated and monounsaturated fatty acids. Sunflower oil may help with this balance.

As of 31 December 2007, the PRC Subsidiary has secured collectively-owned land use rights of a parcel of agricultural land at the south of Jiba Highway, Da Qi Wu Lan Xiang Wu Lan Cu, Inner Mongolia Autonomous Region, the PRC, with a total land area for plantation base agriculture of 82,040 mou. The PRC Subsidiary has a right to rent an additional parcel of land with a total land area of 362,960 mou for a term of two years with a consideration of RMB2.00 (equivalent to approximately HK$2.13) per mou for two years from 內蒙古苦豆籽投資有限公司 (Inner Mongolia Sophora Investment Company Limited#) for plantation of sophora and oilseed sunflower. The capital expenditure of HK$32 million is required for site formation works and acquisition of production equipments and it is expected that it will take approximately one year for the completion of such works.

Capital commitment

As at the Latest Practicable Date, the HK Subsidiary has an outstanding capital commitment to the PRC Subsidiary in the amount of US$4,932,500 (equivalent to approximately HK$38,375,000), which will be payable by the HK Subsidiary on or before 19 December 2009. Upon Completion, the HK Subsidiary will become an indirect non-wholly owned subsidiary of the Company and the outstanding capital commitment to the PRC Subsidiary will be payable by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE TARGET GROUP

Financial resources and analysis

As at 31 December 2007, the net assets of the Target Group was approximately HK$104,249,538, the principal asset of the Target Group was prepaid lease payments of approximately HK$194,284,840 and the principal liability of the Target Group was Amounts due to the Vendor of approximately HK$90,039,992.

The Target Group expresses its gearing ratio as a percentage of bank borrowing over total equity.

As at 31 December 2007, the Target Group did not have bank borrowing. The liquidity ratio of the Target Group as at 31 December 2007, represented by a ratio of current assets over current liabilities, was, 0.00005: 1, reflecting the deficit of financial resources.

As at 31 December 2007, the shareholders' funds of the Target Group amounted to approximately HK$(837,000). Current assets were approximately HK$4,690, mainly comprising bank balances and cash. Current liabilities were approximately HK$90,040,000, mainly comprising the amount due to the Vendor.

Financial review

According to the audited financial information of the Target Group for the period from 17 August 2007 (being the date of incorporation) to 31 December 2007, there was no revenue and the net loss attributable to the equity holders was approximately HK$74,000.

Exposure to exchange rate fluctuation

During the year ended 31 December 2007, the Target Group experienced immaterial exchange rate fluctuations as most of the Target Group's monetary assets and liabilities were denominated in Hong Kong Dollars.

Commitment, contingent liabilities and significant investment

As at 31 December 2007, the Target Group had no commitment, contingent liabilities and significant investment.

Charges on the Target Group's assets

As at 31 December 2007, the Target Group had no charges on the Target Group's assets.

Material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisition and disposal of subsidiaries and associated companies of the Company during the year. The capital expenditure of approximately HK$32 million is required for site formation works and acquisition of production equipments and it is expected to be incurred by stages in approximately one year's time for the completion of such works. All the funding is expected to be met with by internal resources of the Group.

Employees and remunerations policies

As at 31 December 2007, the Target Group had five employees. The total remuneration to employees, including that to the director, for the period ended 31 December 2007 amounted to nil. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE GROUP

BUSINESS REVIEW

For the year ended 31 March 2005

During the year ended 31 March 2005, the Group has emerged from a loss of approximately HK$2,862,000 in the previous financial year and achieved an operating profit of approximately HK$13,078,000 for the year. Operating efficiency has improved despite a 17% reduction in Group turnover to HK$434 million. This promising improvement is attributed to the broad base cost control measures implemented by the Group and new revenue sources from diversified business pursuits such as landscaping and wastewater treatment plants EPC (Engineering-Procurement-Construction) contracts.

(i) Construction and building

The Group has secured a number of substantial contracts during the financial year ended 31 March 2005, which include a road maintenance contract for the Highways Department, the upgrading works for an existing sewage treatment plant in Tai Po for the Drainage Services Department, a piling contract for a secondary school in Tseung Kwan O, a piling contract for a proposed residential development at Po Kong Village Road, a substructure works contract for an office development at King Lam Street and a slope upgrading works at Plunkett Road. Together with contracts previously secured, the total value of current contracts on hand amounted to about HK$460 million. Some of these new contracts are secured through joint-ventures with China Harbour Engineering Co. (Group), a prominent PRC contractor operating globally.

In March 2005, the Group has been successfully enlisted as a Group C (Confirmed) Approved Contractor for Public Works under Buildings Category. This is a milestone of the Group as it represents an industrial recognition of our quality standing and enables the Group to undertake public building works involving any amount of contract value.

As regards major completed projects, the Group has satisfactorily completed several landscape contracts and ride installation contracts for an internationally reputed theme park operator at Lantau Island, a residential building at Tai Yuen Street, an EPC contract for a wastewater treatment project in Zhuhai (in which the Group has also taken up equity participation), as well as the exhibition works at the new Electrical and Mechanical Services Department Headquarters. Under joint ventures with China Harbour Engineering Co. (Group), the Group has also accomplished several projects which include the refurbishment of two markets and road works under Hong Kong West Rail operated by MTR Corporation Limited.

(ii) 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, Veolia Water (Zhuhai) Wastewater Treatment Company Limited, has undertaken a 130,000 m^3/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. It is expected that the TOT/BOT contract will provide longterm steady incomes to the Group after full commissioning of the sewage treatment plants. The Group will capitalise on this valuable experience and expertise gained by seeking other water projects in China should appropriate opportunities arise.

(iii) Property development

During the year ended 31 March 2005, the Group, through an associate company, has participated in a property development project and has acquired a plot of land at No. 111 King Lam Street, Kowloon for an office building development. Planning and design are underway, and construction of the foundation is in progress. This major transaction has been approved by the Shareholders at the special general meeting held by the Company on 15 November 2004.

For the year ended 31 March 2006

During the year ended 31 March 2006, the Group recorded a loss attributable to equity holders of the Company of approximately HK$22,336,000 or loss of HK64.1 cents per share basic, compared with a profit attributable to equity holders of the Company for the year ended 31 March 2005 of approximately HK$14,176,000 (restated) or earnings of HK49.3 cents per share basic.

Despite the difficult market conditions, the Group has recorded a turnover of approximately HK$494 million for the year ended 31 March 2006 which represents a 14% increase compared with the turnover recorded in the corresponding period of year ended 31 March 2005. During the year ended 31 March 2006, the recorded loss is mainly attributed to the poor performance of the subsidiary undertaking electrical and mechanical works. As a result, the Group has scaled down the related business which cannot contribute profits to the Group.

(i) Construction and building

The Group has secured several contracts during the financial year ended 31 March 2006, which include the construction of the third golf course at Kau Sai Chau, two contracts for an internationally reputed theme park at Lantau and the construction of 5 km of fencing for a proposed palace in Doha. Together with contracts previously secured, the total value of current contracts on hand amounted to about HK$622 million. Some of these new contracts are secured through joint-venture with China Harbour Engineering Co. Ltd., a prominent PRC contractor operating globally.

As regards major completed projects, the Group has satisfactorily completed the luxurious residential development at Gough Hill Path, the composite building at Queen's Road West, school improvement project for Kei San Secondary School, the proposed Godown extension at Hung Hom and the substructure works at No. 111 King Lam Street and at No. 23 Kent Road. Under joint venture with China Harbour Engineering Co. Ltd., the Group has accomplished the ambulance depot at Kwai Chung.

(ii) 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 130,000m^3/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. One of the sewage treatment plants have been commissioned and it is expected that the TOT/BOT contract will provide long-term steady incomes to the Group. The Group will capitalise on this valuable experience and expertise gained by seeking other water projects in China should appropriate opportunities arise.

(iii) Property development

During the year ended 31 March 2006, the Group, through an associated company, has participated in a property development project at No. 111 King Lam Street, Kowloon for an office building development. Construction of the superstructure has been progressing smoothly with completion to be expected in early 2007.

During the year ended 31 March 2006, the Group, through two associated companies, has further participated in two property development projects, one at Kowloon Bay for an industrial building development and one at San Po Kong for a shopping complex development. Both development projects are now undergoing planning stage.

For the year ended 31 March 2007

During the year ended 31 March 2007 under review, the Group has recorded a turnover of HK$480 million which represents a slight decrease of 2.8% compared with the turnover recorded in the corresponding period of last year. The Group recorded a net profit from ordinary activities attributable to shareholders of approximately HK$9.5 million compared with a net loss from ordinary activities attributable to shareholders of approximately HK$22.3 million for the corresponding period of last year.

(i) Construction and building

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

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

(ii) 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. The second sewage treatment plant has also been commissioned and it is expected that the TOT/BOT contract will provide long-term steady incomes to the Group. The Group will capitalise on this valuable experience and expertise gained by seeking other similar projects in China should appropriate opportunities arise.

(iii) Property development

During the year and 31 March 2007, 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. Application for the issuance of Certificate of Compliance from the Government is being processed. It is expected that this property development will generate reasonable profits and steady income to the Group through sale and rental of the units and carparks.

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

Liquidity and financial resources

For the year ended 31 March 2005

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. As at 31 March 2005, the Group's outstanding borrowings amounted to HK$18,887,000 comprising interest bearing bank borrowings repayable within one year of HK$7,387,000 and a convertible note with principal amount of HK$11,500,000 (the "Note"). As at 31 March 2005, the Group's banking facilities were supported by (i) legal charges over the Group's leasehold land and buildings and an investment property with carrying values of HK$10,000,000 (2004: HK$1,900,000) and HK$4,000,000 (2004: HK$1,500,000), respectively; (ii) pledged deposits of HK$35,025,000 (2004: HK$37,375,000) of the Group; and (iii) corporate guarantees executed by the Company and certain subsidiaries of the Company.

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. 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.

The Group's gearing ratio as at 31 March 2005 was 0.06 (2004: 0.06), calculated based on the Group's total borrowings of HK$18,887,000 (2004: HK$14,826,000) over the Group's total assets of HK$295,061,000 (2004: HK$262,456,000).

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 minimise risks in its business.

For the year ended 31 March 2006

As at 31 March 2006, the Group's outstanding borrowings amounted to approximately HK$19,105,000 comprising interest-bearing bank borrowings repayable (i) within one year of approximately HK$15,602,000 and (ii) repayable over one year of approximately HK$3,503,000. As at 31 March 2006, the Group's banking facilities were supported by (i) legal charges over the Group's leasehold land and buildings, which are situated in Hong Kong, with carrying values of approximately HK$10,392,000; (ii) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK$4,400,000; (iii) pledged deposits of approximately HK$20,944,000 of the Group; (iv) corporate guarantees to the extent of approximately HK$52.1 million in aggregate executed by the Company in respect of banking facilities granted to certain subsidiaries of the Company; and (v) cross guarantees amongst certain subsidiaries of the Company.

The Group's gearing ratio as at 31 March 2006 was 0.07 (2005: 0.06), calculated based on the Group's total borrowings of approximately HK$19,105,000 (2005 (as restated): HK$18,605,000) over the Group's total assets of approximately HK$271,510,000 (2005 (as restated): HK$293,920,000).

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 minimise risks in its business.

For the year ended 31 March 2007

As at 31 March 2007, the Group's outstanding borrowings amounted to HK$3,504,000 comprising interest-bearing bank borrowings repayable (i) within one year of approximately HK$846,000 and (ii) repayable over one year of approximately HK$2,658,000. As at 31 March 2007, the Group's banking facilities were supported by (i) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying value of approximately HK$10,675,000, (ii) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK$4,800,000, (iii) pledged deposits of approximately HK$16,675,000 of the Group; (iv) corporate guarantees to the extent of approximately HK$42.8 million in aggregate executed by the Company in respect of the banking facilities granted to certain subsidiaries of the company; and (v) cross guarantees among certain subsidiaries of the Company.

The Group's gearing ratio as at 31 March 2007 was 0.014 (2006: 0.07), calculated based on the Group's total borrowings of HK$3,504,000 (2006: HK$19,105,000) over the Group's total assets of HK$250,588,000 (2006: HK$271,622,000).

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 minimise risks in its business.

Employees

The Group employed approximately 180, 320 and 300 staff, excluding workers under exclusive subcontracting arrangements, for the three years ended 31 March 2005, 2006 and 2007 respectively. Total staff costs for the years ended 31 March 2004, 2005 and 2006, excluding Directors' remuneration, amounted to approximately HHK$33,116,000 (restated), HK$58,409,000 and HK$75,478,000 respectively. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. The remuneration policy and packages of the Group's employees are reviewed regularly.

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. 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.

In addition to the provision of the MPF Scheme, a share option scheme (the "Scheme") is also available to employees based on their performance. The Company operates the Scheme for the purpose of providing incentives or rewards to eligible participants for their contribution to the 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.

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, 2006 and 2007.

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 each of the three years ended 31 March 2005, 2006 and 2007 is limited.

Material acquisitions and disposals of subsidiaries and associated companies

Save as disclosed below, there were no material acquisitions and disposals of subsidiaries, jointly controlled entities and associated companies during each of the three years ended 31 March 2005, 2006 and 2007.

The Group's capital contributions to the jointly controlled entities, namely, Veolia Water (Zhuhai) Wastewater Treatment Company Limited and Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited, for undertaking wastewater treatment in Zhuhai, China for the years ended 31 March 2005.

The Group's investment in an associate, King Fine Development Limited, for a property development in Hong Kong during the year ended 31 March 2005.

The Group's further acquisition of equity interest in a non-wholly owned subsidiary, CSP (HK) Limited, a company incorporated in Hong Kong and principally engaged in the investments in Veolia Water (Zhuhai) Wastewater Treatment Company Limited and Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited, during the year ended 31 March 2006.

The Group's investment in an associate, Powerluck Properties Limited, for a property development in Hong Kong during the year ended 31 March 2006.

The Group's investment in a company, Wealthy Star Development Limited, for a property development in Hong Kong during the year ended 31 March 2006.

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

Significant investments or capital assets

The Group has acquired land and buildings at cost of HK$5,716,000 during the year ended 31 March 2005. Save as the addition of land and buildings and those disclosed under the paragraph headed "Material acquisition and disposals of subsidiaries and associated companies", there were no significant investment or capital assets for each of the years ended 31 March 2005, 2006 and 2007.

Future plans for material investments or capital assets

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

Save as the Group's further acquisition of equity interest in CSP (HK) Limited; the Group's investments in Powerluck Properties Limited and Wealthy Star Development Limited, there were no future plans for material investments or capital assets for the year ended 31 March 2005.

Save as the Acquisition as disclosed in this circular or as otherwise disclosed herein, there were no future plans for material investments or capital assets for the year ended 31 March 2006 and 2007.

Contingent liabilities

As at 31 March 2005, 31 March 2006 and 31 March 2007 the Group had executed guarantees in respect of performance bonds in favour of contract customers of approximately HK$48,908,000, HK$22,125,000 and HK$54,138,000 respectively. In addition to the above, As at 31 March 2005, 31 March 2006 and 31 March 2007, the Company had executed guarantees in favour of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China Harbour-CWF Joint Venture, with original contract sum of HK$84,938,000.

As at 31 March 2005, 31 March 2006 and 31 March 2007 the Company had executed guarantees in favour of contract customers in respect of the performance of a subsidiary's obligation under contracts with contract sum of nil, nil and nil respectively.

As at 31 March 2005, 31 March 2006 and 31 March 2007, the Group's jointly-controlled entities had contingent liabilities in respect of performance bond guarantees amounting to nil, HK$36,000,000 and HK$36,000,000 respectively to which the Group, together with other joint venture partners, are jointly and severally liable.

As at 31 March 2005, 31 March 2006 and 31 March 2007, certain subsidiaries of the Company had provided undertakings of financial support to certain of the Group's jointly-controlled entities in proportion to their equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due.

The Group's share of the net deficiency in assets of these jointly-controlled entities as at 31 March 2005, 31 March 2006 and 31 March 2007 in the amounts of HK$318,000, HK$590,000 and HK$14,372,000 have already been accounted for in presenting the respective financial statements for the respective years.

As at 31 March 2006, the Company had executed guarantees for approximately HK$36,000,000, HK$44,100,000 and HK$8,750,000 in respect of the general banking facilities granted to CHEC-CWF Limited (a jointly-controlled entity in which the Group has 30% equity interests), King Fine Development Limited (an associate in which the Group has 35% equity interests), Powerluck Properties Limited (an associate in which the Group has 35% equity interest), respectively.

As at 31 March 2006, the Company had executed guarantees for approximately HK$45,040,000 in respect of the general banking facilities granted to Wealthy Star Development Limited (an investee entity in which the Group has 8% equity interest).

The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK$2.9 million, HK$3.3 million and HK$2.4 million as at 31 March 2005, 31 March 2006 and 31 March 2007 respectively. 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 the financial statements of the Group for the year ended 31 March 2006 in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

As at the close of business on 31 March 2005, 2006 and 2007, the Group was involved in various lawsuits and claims arising in the normal course of business of the Group, a summary of which is set out below:

(i) 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 of approximately HK$2.5 million have been made in the financial statements for the year ended 31 March 2004 for all additional costs incurred, as well as those necessarily required to be incurred, in attending to these and other additional works reasonably anticipated by the Directors to be necessary for the satisfaction of the HA.

As a result of the execution of these additional contract works, which were not anticipated at the stage of contract inception, the contract period was prolonged with a corresponding overrun of the contract costs incurred. In accordance with the contractual agreement, the HA is entitled to claim against the Group for liquidated damages for the delay in completion of contract works. The maximum potential amount of liquidated damages involved was assessed by the Directors based on the contractual provisions of approximately HK$14 million, HK$14 million and HK$7.9 million, in aggregate, as at 31 March 2004, 2005 and 2006 respectively. Having regard to the circumstances surrounding the prolonged contract works as described above, the Directors are however of the opinion that the 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 approved by the HA, having considered the legal counsel's advice, the Directors are of the opinion that the likelihood of such damages falling to the Group is not probable and a provision therefor has not been made in presenting the financial statements for the three years ended 31 March 2006.

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

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

(ii) 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 the financial statements of the Group for the three years ended 31 March 2006.

(iii) 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.

(iv) The Group was held liable for two related claims for the alleged breach of contractual duties, brought against the Group by a contract customer and a nominated subcontractor in respect of renovation works undertaken by the Group in 1992. The total claims payable in respect of the claims amounted to HK$9.2 million. Certain Directors through companies beneficially and wholly-owned by them, have covenanted with the Group to jointly and severally indemnify and keep the Group indemnified in full against the damages payable. A provision therefor, as well as the corresponding reimbursement recoverable of an equal amount, have been recognised in these financial statements. The outstanding claims payable in respect of the claims amounted to HK$1.9 million, nil and nil as at 31 March 2004, 2005 and 2006 respectively.

(v) A subsidiary of the Company, Anpoint Engineering Limited, was engaged in the undertaking of a HVAC installation works contract in 2004. In December 2004, Anpoint Engineering Limited made a claim against the sub-contractor for loss and damage caused by the sub-contractor's wrongful repudiation of contract in the sum of approximately HK$1.4 million and other loss and damage due to completion of outstanding works and remedial works and payment of Labour Tribunal claims to unpaid workers on the sub-contractor's behalf. The sub-contractor submitted a counterclaim for unpaid workdone and loss of profit in the sum of approximately HK$1.8 million. Having considered the legal counsel's advice, the Directors are of the opinion that Anpoint Engineering Limited has a good chance of defending the counterclaim. Accordingly, the Directors consider that a provision for the counterclaim is not necessary. Subsequent to 31 March 2006, the Group disposed its entire equity interest in Anpoint Engineering Limited to an independent third party.

(vi) A number of claims have been brought against the Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The Directors believe that any liabilities of the Group in respect of such claims will be covered either by the Group's insurance policies, or that the Group has a meritorious defense against such claims. Accordingly, the Directors do not believe that these claims will have any material adverse impact on the Group and, therefore no provisions have been made in respect thereof in the financial statements of the Group for the three years ended 31 March 2006.

(vii) A claim for approximately HK$1.6 million was brought against a subsidiary of the Company by a sub-contractor in 2002 alleging that the Group is liable for the settlement of sub-contracting charges to the subcontractor. No provision for the claim was made for the years ended 31 March 2004 and 2005, The case was fully settled during the year ended 31 March 2006 with the payment by the Group of approximately HK$1.6 million to the sub-contractor.

Indebtedness

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

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

REASONS FOR THE PROPOSED ACQUISITION

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

During the recent years, the Group has experienced fierce competition from other market competitors in tendering construction projects in both the private and public sectors. The difficult market conditions in the local construction industry have caused the Group to take a fresh look at its core business. In this regard, the Group has been actively exploring new business opportunities with a view to diversify its existing business. Nevertheless, the Director has no current intention to discontinue with the existing business of the Group.

The Directors consider that the Acquisition represents a good opportunity for the Group to diversify its existing businesses. Taking into account of the potential of the market for biological vegetable oil is tremendous, the Board is of the view that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

Assets and liabilities

Set out in Appendix V to this circular is the unaudited pro forma consolidated financial information of the Enlarged Group. Upon Completion, the consolidated total assets of the Enlarged Group would be increased by approximately 122% from approximately HK$251 million to approximately HK$556 million and the consolidated total liabilities of the Group would be increased by approximately 138% from approximately HK$87 million to approximately HK$207 million.

Earnings

Upon Completion, the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. While there is no immediate material impact on earnings of the Group caused by the Acquisition, the Directors consider that the Acquisition will enhance the business diversification of the Group and the Target Group will contribute positively to the results of the Group.

PROSPECTS OF THE ENLARGED GROUP

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

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

Furthermore, with the opportunity provided by the Acquisition to diversify into the growing PRC market, the Group will continue to explore prudently other investment possibilities. The Group anticipates to gradually increase the investment portfolio in this area.

In Hong Kong, the Group will focus on high-value specialist construction markets, such as leisure markets and high-end refurbishment projects, as well as property development.

GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Shareholders at the SGM. Each of the Vendor and her associates is an Independent Third Party and does not hold any Shares as at the Latest Practicable Date. Accordingly, no Shareholder is required to abstain from voting at the SGM.

SGM

Set out on pages 153 to 154 is a notice convening the SGM to be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 10 March 2008 at 11:00 a.m. at which relevant resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares.

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

PROCEDURE FOR DEMANDING A POLL AT GENERAL MEETING

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

(i) the chairman of such meeting; or

(ii) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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

RECOMMENDATION

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

ADDITIONAL INFORMATION

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

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

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2007 of the business of the Target.

Asset Appraisal Limited
資產評值顧問有限公司

Add Rm1303 13/F Beverly House
No. 93-107 Lockhart Road Wanchai HK
地址 香港灣仔駱克道93-107號利臨大廈13字樓1303室
Tel (852) 2529 9448
Tel (852) 3521 9591

22 February 2008

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

Dear Sirs,

Re: Valuation of shareholder's equity of 內蒙古蒙威生物油環保制品有限公司 (transliterated as Inner Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited)

INSTRUCTIONS

In accordance with the instructions from **Wing Hing International (Holdings) Limited** (the "Company") to value the shareholders' equity of **Inner Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited** ("Meng Wei").

We confirm that we have carried out inspections of the principal asset of Meng Wei in Inner Mongolia Autonomous Region, the People's Republic of China ("the PRC"), made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the fair value of the shareholders' equity of Meng Wei as at **31 December 2007** (referred to as the "Valuation Date").

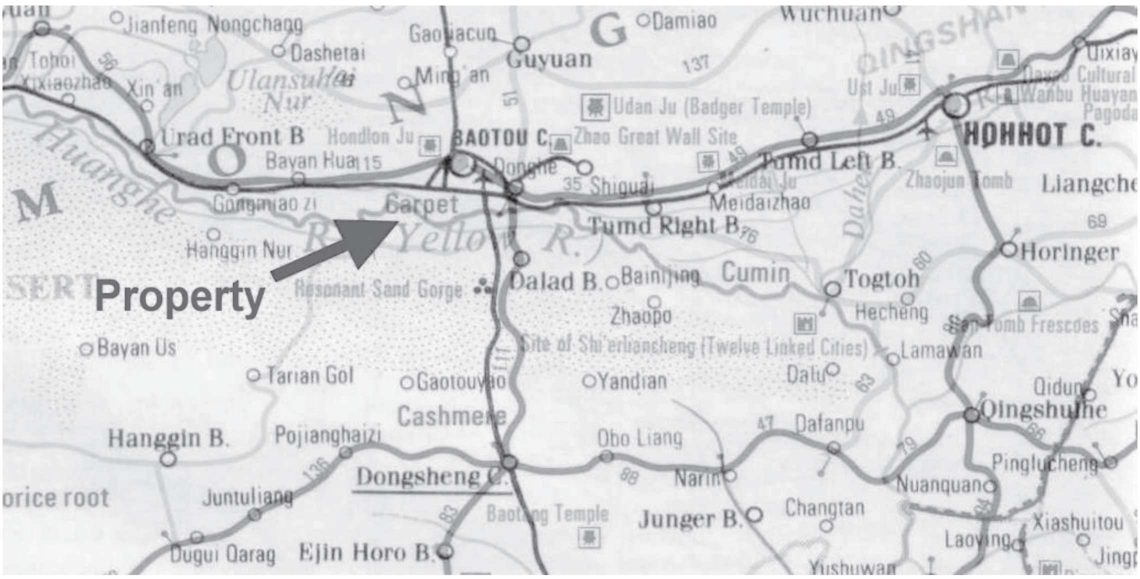
INTRODUCTION

Meng Wei is a equity Sino-foreign joint venture entity established in the PRC on 30 October 2007 and is principally engaged in development and management of a series of sophora products and development and management of biological vegetable oil, including sunflower oil.

The shareholders of Meng Wei comprises 內蒙古苦豆籽投資有限公司 (transliterated as Inner Mongolia Sophora Investment Company Limited) being the Sino party with an effective interest of 45% and Asia Biodiesel and Renewable Energy (Mongolia) Company Limited being the foreign party with an effective interest of 55%.

THE PLANTATION BASE

The principal asset of Meng Wei is a plantation ground stretching a total area of 82,040 mus (54.64 square kilometers) lying at the south of Jiba Highway, Da Qi Wu Lan Xiang Wu Lan Cu, Inner Mongolia Autonomous Region, the PRC and is nearby the south bank of the Yellow River. Currently, the plantation base has not yet been fully developed and is being used for the cultivation of Kudouzi (Sophora Alopecuroides) on wildly plantation basis. Kudouzi is a genus of trees and shrubs, and a few perennial herbs, in which the leaves are alternate, usually pinnate with numerous leaflets and with stipules. Sophora is extensively used in Chinese medicine. It is recently being used as raw material for producing medicines for hepatitis B treatment.



Based on a Project Application Report prepared by an independent plantation expert namely 內蒙古國立工程設計資詢有限責任公司(transliterated as Inner Mongolia Guo Li Engineering Design Consultant Co. Ltd., the "Engineer") in September 2007, the farmland held by Meng Wei with an area of 82,040 mus (being 1 mu = 666.67 square metres) can be used as a plantation base for cultivating Kudouzi (as raw material for Chinese medicine) and oil crop (producing feedstock for biodiesel refinery). One plantation cycle can be completed over the farmland annually with sowing taken place in Spring and harvesting taken place in Fall.

In the initial stage of the operation, the plantation base would be equally (in term of land area) allocated for planting Kudouzi and oil crops with respectively outputs of 0.28 tons per mu and 0.29 tons per mu per annum subject to the completion of the following site formation works:

- Digging of water well (a total of 82 water well with depth ranging 60 to 80 metres are required for the entire plantation base);
- Installation of irrigation system throughout the plantation base;
- Power supply connection with the nearest power grip or power source;
- Paving of internal roads for circulation and open yard for temporary storage;
- Building of farmhouses and ancillary structures;

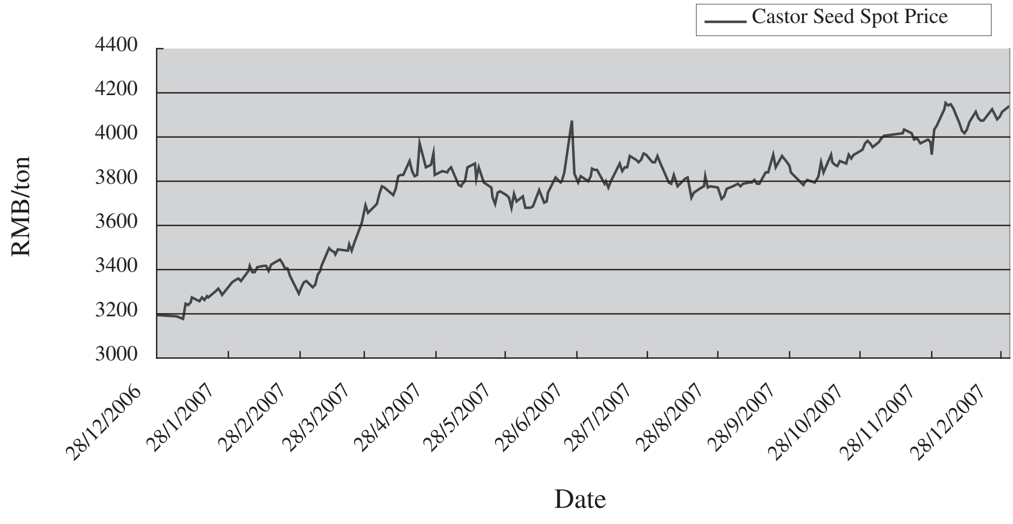
The total site formation cost as estimated by the Engineer is RMB15.15 million. Further, the following additional start-up costs with an estimated sum of RMB11.76 million are to be incurred for the first sowing set to be performed in spring of 2009:

- Acquisition of transport vehicles, farm trailers, uploaders, bulldozers, excavators; and
- Professional consultant fee for the design of plantation base and site formation work supervision.

As revealed in the said Project Application Report, the prevailing trading prices of Kudouzi and oilseeds (Sunflower Seed No. 3) are RMB5.5/kg and RMB4.5/kg respectively.

Trading prices of castor seed for immediate delivery quoted from the India Exchange at Gujarat over the period from 28 January 2006 to 31 December 2007 are exhibited in the graph shown below:

Castor Seed Spot Price India Exchange at Gujarat
between 28 Jan 2006 and 31 Dec 2007



As at 3 January 2008, sunflower seeds future delivery Feb 2008 was trading on the South Africa Future Exchange at ZAR4,440 per ton (RMB4,747 per ton).

BASIS OF VALUATION AND ASSUMPTIONS

The shareholders' equity of Meng Wei has been valued on the basis of "Fair Value" in the premise of continued use which, in our appraisal, reflects the future economic benefit to be derived from the ownership of the assets. Fair Value in continued use premise is defined as the estimated amount at which an asset might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business for continuation of current operations.

Our appraisal included on-site inspection of the plantation base of Meng Wei, discussions with the management of Meng Wei in relation to the history and nature of the businesses; a study of the financial statements; a review of the operational and technical information provided by the management and the Engineer in connection with the strategy of and the plan of action to be taken to implement the business plans. We have assumed that such information, opinions and representation provided to us are true and accurate. Before arrived at our opinion of value, we have considered the following major factors:

i. the nature and the prospect of the concerned business operations and Meng Wei;

ii. the financial conditions of Meng Wei;

iii. the specific economic and competitive element affecting Meng Wei, the industry and the market which the plantation base operates;

iv. the market-derived investment returns of enterprises engaged in a similar line of business;

v. the technical advice given by the independent plantation expert namely 內蒙古國立工程設計資詢有限責任公司 (transliterated as Inner Mongolia Guo Li Engineering Design Consultant Co. Ltd., the "Engineer") in September 2007 as to the suitability of the subject farmland to be used as plantation base for Kudouzi and Sunflower;

v. the business risk of the operations of the plantation base; and

vi. the financial statements and the past and projected operating results of Meng Wei.

In view of the general environment and the particular situation in which Meng Wei's operating, the following assumptions have been adopted in our appraisal in order to sufficiently support our concluded value:

i. there will be no major change in the existing political, legal and economic conditions in the PRC;

ii. save for those proposed changes on taxation policies announced by the Tax Bureau of the PRC, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by Meng Wei;

iii. the interest rates and exchange rates will not differ materially from those presently prevailing;

iv. the availability of finance will not be a constraint on the forecast growth of Meng Wei's operations;

v. as part of our analysis, we have reviewed financial and business information from public sources together with such financial information, management representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of, and have relied on the information and management representations provided in arriving at our opinion of value;

vi. the production facilities, systems and the technology utilized by Meng Wei do not infringe any relevant regulations and law;

vii. Meng Wei has or shall have no legal impediment to obtained all necessary permits and approvals to carry out the plantation business operations in the PRC;

viii. Meng Wei will secure and retain competent management, key personnel, marketing and technical staff to carry out and support its plantation business operations; and

ix. the estimated fair value does not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the market value.

VALUATION METHODOLOGY

In our appraisal, the Market Approach has been adopted. In this approach, the fair value is based on prices at which equities of similar companies are being traded on the market. A value measure is usually a multiple computed by dividing the price of the comparable companies' shares by their relevant economic variables such as earnings, revenue, net book value and etc. The following 13 comparable listing companies have been identified and considered:

No.	Company	Ticker	Business Operations
1	Asiatic Development Berhad	ASP	The company is Malaysia-based investment holding and management company. The Company, along with its subsidiaries, is engaged in the plantation and property development. Asiatic Development Berhad operates in two business segments: plantation, which comprises mainly activities relating to oil palm plantations, and property, which comprises mainly activities relating to property development and the operation of a golf course. For the year ended 2006, over 84% of its revenue was contributed from plantation segment.
2	United Plantation Berhad	UPL	The company is an Indonesia-based agribusiness company. It is engaged in farming, processing and marketing of agriculture products. The Company's subsidiaries include PT Bakrie Pasaman Plantations and PT Agrowiyana, which operate palm oil plantations in West Sumatera and Jambi province; PT Agro Mitra Madani, which operate palm oil processing facilities; PT Huma Indah Mekar, which operates rubber trees plantation and processing facility in Lampung, and BSP Finance BV, which is engaged in the financial sector. The Company is headquartered in Kisaran, Indonesia. For the year ended 2006, over 99% of its revenue was contributed from plantation and palm oil segment.
3	Kulim (Malaysia) Berhad	KUL	The Company operates in five business segments: plantation operations segment, which is engaged in oil palm planting, crude palm oil processing and plantation management services and consultancy; manufacturing segment, which is engaged in the manufacture and sale of oleochemicals and rubber products; quick service restaurants, which is engaged in Pizza Hut and Ayamas outlets; property development segment, which is engaged in the development of housing and commercial estate, and property investment, which is engaged in rental of office building. For the year ended 2006, about 45% of its revenue was contributed from plantation segment.

No.	Company	Ticker	Business Operations
4	Tradewinds Plantation Berhad	TWPB	The company is a Malaysia-based holding company and is engaged in investment holding, and its subsidiaries, Ladang Petri Tenggara Sdn. Bhd., engaged in marketing of commodity products, cultivation of oil palm and producing crude palm oil; Pertanian Johor Tenggara Sdn. Bhd., engaged in cultivation of oil palm and animal husbandry; Agromaju Sdn. Bhd., engaged in the cultivation of oil palm; Semai Segar Sdn. Bhd., engaged in cultivation of oil palm and agriculture contractors; Permodalan Pelangi Sdn. Bhd., engaged in the cultivation of oil palm; Tanah Semai Sdn. Bhd. and Uni-Agro Plantations (Trengganu) Sdn. Bhd. engaged in the cultivation of oil palm, and Gugusan Induk Sdn. Bhd. and M.P. Plantation Sdn. Bhd. engaged in investment holding. For the year ended 2006, about 29% of its revenue was contributed from plantation segment.
5	IJM Plantations Berhad	IJMP	The company is a Malaysia-based company engaged in the cultivation of oil palm, operations of palm oil mills, investment holding and provision of management services to the subsidiaries. For the year ended 31 March 2007, 100% of its revenue was contributed from plantation and palm oil segment.
6	Hap Seng Plantations Holdings Berhad	HAP	The company is a Malaysia-based investment holding company that carries out marketing and trading activities for its subsidiaries. The Company's subsidiaries include Jeroco Plantation Sdn Bhd and Hap Seng Plantations (River Estates) Sdn Bhd, both engaged in the cultivation of palm oil and processing of fresh fruit bunches (FFB), and Hap Seng Plantations (Wecan) Sdn Bhd, Hap Seng Plantations (Tampilit) Sdn Bhd and Hap Seng Plantations (Ledang Kawa) Sdn Bhd, all engaged in the cultivation of oil palm. HSP operates its plantations on one contiguous block of land of approximately 36,354 hectares located between Lahad Datu and Sandakan, in addition to a smaller plantation in Tawau measuring 1,276 hectares. For the year ended 31 January 2007, about 88% of its revenue was contributed from plantation segment.
7	Kwantas Corporation Berhad	KWAN	The company is an investment holding company with principal activities of the subsidiaries are the operation of oil palm plantations, palm oil mills, kernel crushing plant, palm oil refinery and shortening plants, a biomass power plant, bulking installation and trading of palm oils and fats products. Other activities include the wholesaling and supply of diesel and lubricants, trading of refined soya bean oil and the operation of a stone and gravel quarry. For the year ended 30 June 2007, about 99% of its revenue was contributed from plantation and palm oil segment.

No.	Company	Ticker	Business Operations
8	TSH Resources Berhad	TSH	The company is an investment holding company principally engaged in the marketing and distribution of cocoa beans, and the operation of a forest management unit. It is organized into three segments: palm and bio-integration, which is engaged in the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel, and generation and supply of electricity from a biomass plant; wood product manufacturing and trading, and reforestation, which manufactures and sells of sawn timber and downstream wood products and operation of a forest management unit, and cocoa manufacturing and trading, which manufactures, sells and trades of cocoa products. For the year ended 2006, about 72% of its revenue was contributed from plantation segment.
9	United Malacca Berhad	UMR	The company is a Malaysia-based and is engaged in cultivation of oil palms and investment holding. The Company's business segments include plantation, which includes cultivation of oil palms and palm oil milling; investment holding, and property development, which includes development of residential and commercial properties. For the year ended 30 April 2007, about 88% of its revenue was contributed from plantation segment.
10	Golden Agri-Resources Ltd.	GGR	The company is a Singapore-based investment holding company. The Company, through its wholly owned subsidiaries, is engaged in trading in crude palm oil and related products, treasury management and provision of management and consultancy services. The Company operates in two divisions: Indonesia Agri-business and China Agri-business. The activities of Indonesia Agri-business include ownership and cultivation of oil palm plantation, ownership and operation of mills and refineries and producer of consumer cooking oil and margarine in Indonesia.
11	PT Astra Agro Lestari Tbk	AALI	The company is an Indonesia-based plantation company with principal activities of operation of oil palm, rubber and cocoa plantations, general trading, manufacturing, transportations, consultation and related services. Its 4,018-hectare oil palm and 357-hectare rubber plantations are located in South Kalimantan and the cooking oil factory is located in North Sumatera. The Company and its subsidiaries' mills have effective production capacities of 760 tons of fruit bunches per hour and 19.3 tons of rubber, 2.6 tons on cocoa, 300 tons of crude palm oil and 100 tons kernel per day. The subsidiaries' plantations and mills are located in Java, Sumatera, Kalimantan and Sulawesi. Astra Agro Lestari is headquartered in Jakarta, Indonesia.

No.	Company	Ticker	Business Operations
12	PT Perusahaan Perkebunan London Sumatra Indonesia Tbk	ISIP	The company is an Indonesia-based plantation company. It is engaged in the planting and developing palm oil, rubber, cocoa, coconut, tea, coffee and seeds. The Company operates mature and immature plantations with total areas of 67,706 hectares and 17,756 hectares, respectively, in North Sumatra, South Sumatra, Java, East Kalimantan, North Sulawesi and South Sulawesi. In addition, the Company develops plasma plantations on behalf of local smallholders.
13	PT Bakrie Sumatera Plantation Tbk	UNSP	The company is an Indonesia-based agribusiness company. It is engaged in farming, processing and marketing of agriculture products. The Company's subsidiaries include PT Bakrie Pasaman Plantations and PT Agrowiyana, which operate palm oil plantations in West Sumatera and Jambi province; PT Agro Mitra Madani, which operate palm oil processing facilities; PT Huma Indah Mekar, which operates rubber trees plantation and processing facility in Lampung, and BSP Finance BV, which is engaged in the financial sector. The Company is headquartered in Kisaran, Indonesia. For the year ended 2006, all its revenue was contributed from plantation and palm oil segment.

With regard to the increasingly unsustainable price of crude oil, from which petroleum is derived which fuels virtually for all of the world's combustion engines today, bio-diesel, or fuel that is derived from bio-organic sources such as caster seed oil, crude palm oil palm, has recently emerged as a well-researched, proven and highly feasible form of alternative fuel energy.

In or about February 2005, a renewable energy law had been enacted in the PRC and became effective from 1 January 2006. The renewable energy law induces a national energy policy which encourages and supports the use of wind, hydro, solar, bio-mass, and other forms of renewable energy. The target is to have 10.0% of primary energy generated from renewable resource by 2010 and 15.0% by 2020. Because of this new law, bio fuels are making inroads in the PRC and accelerating the development of bio fuels and energy crops, which include the PRC's aggressive undertaking to invest in the development of new oil crop plantations in Indonesia.

The European Union is also leading the move towards the use of biodiesel, requiring it to account for up to 5.8% of the energy content of all transportation fuels in EU countries by 2010 and 20.0% by 2020. The United States has granted federal tax incentives that are expected to increase bio-diesel demand by four fold by 2012. Malaysia is currently drafting its Bio-diesel Act that will make palm bio-fuel mandatory by 2008.

From these developments, a strong demand on bio-fuel feedstock is seen on the PRC market as well as on the global market. As the products involved in this sector are generic in nature, the trading prices of oilseeds in the PRC virtually mirror the global commodity prices.

In this regards, we consider that it is fair and reasonable to make comparison with other companies participating in the same trade even though their plantation fields are based outside the PRC.

Among various price multiples and given the similarity of cost structures of plantation business operators, the Enterprise Value to Revenue (EV-to-Revenue) multiples are chosen for comparison and assessing the fair value of the common shares of Meng Wei because the multiple takes into account the debts of a firm which an acquirer will have to assume and into account and it ignores the distorting effects of individual countries' taxation policies as well as the firms depreciation policies. Enterprise Value is defined herein as market capitalization plus debts, minority interest and preferred shares minus total cash and cash equivalents. As significant portions of revenues of comparable nos. 3, 4 and 8 were contributed from business segments other than plantation and palm oil related business, we have disregarded those comparables in our valuation.

No.	Company	Ticker	Country	Last Price as at Val Date	EV-to-Revenue	No. of standard derivation from mean
1	Asiatic Development Berhad	ASP	Malaysia	8.65	6,103.39/576.58 = 10.59	1.214
2	United Plantation Berhad	UPL	Malaysia	12.552	2,490.62/597.46 = 4.17	–0.894
5	IJM Plantations Berhad	IJMP	Malaysia	3.28	2,176.21/271.63 = 8.01	0.369
6	Hap Seng Plantations Holdings Berhad	HAP	Malaysia	2.68	3,284.22/1,730.84 = 1.90	–1.640
7	Kwantas Corporation Berhad	KWAN	Malaysia	4.325	1,925.09/1,943.41 = 0.99	–1.938
9	United Malacca Berhad	UMR	Malaysia	7.98	918.76/125.41 = 7.33	0.143
10	Golden Agri-Resources Ltd.	GGR	Singapore	2.12	11,124.99/1,129.59 = 9.85	0.972
11	PT Astra Agro Lestari Tbk	AALI	Indonesia	28000	43,313,593/3,760,000 = 11.52	1.521
12	PT Perusahaan Perkebunan London Sumatra Indonesia Tbk	ISIP	Indonesia	10650	15,298,941/2,150,000 = 7.12	0.074

13	PT Bakrie Sumatera Plantation Tbk	UNSP	Indonesia	2275	8,766,780.6/1,180,000 = 7.43	0.177
			Sample Mean		6.89	
			Standard derivation		3.04	
			Sample Median		7.38	
			Mean (taken out outliners)		7.32	

Source: Bloomberg

Given the mean and the standard derivation of the sample i.e. 10 multiples of the comparable companies, comparable nos. 1, 6, 7 and 11 are more than 1 standard derivation from the sample mean and therefore are considered as outliners. To avoid bias towards the extreme cases, we have also considered the median of the 10 comparable multiples. In view of the sample means (taken out outliners) and the sample median, the expected EV-to-Revenue multiple applicable to Meng Wei is 7.3.

Given the expected total output of Kudouzi and Sunflower Seed of 0.28 to 0.29 ton per mu of farmland and the amount trading prices of RMB5,500/ton and RMB3,700/ton, the expected revenue to be generated from the plantation base for the first year of production is RMB114,000,000.

With the expected EV-to-Revenue multiple applicable to Meng Wei of 7.3 and an expected revenue of approximately RMB114,000,000 the fair value of the Enterprise Value of Meng Wei is approximately RMB830,000,000. The fair value of the Shareholders' Equity of Meng Wei is then arrived at by allowing an estimated start up costs of RMB50,000,000.

CONCLUSION OF VALUE

Based upon the investigation and analysis outline above, our valuation basis, valuation assumptions and the appraisal method employed, it is our opinion that as of 31 December 2007, the Fair Value of 100% Shareholders' Equity of Meng Wei is reasonably represented by the sum of RMB780,000,000.– (RENMINBI YUAN SEVEN HUNDRED AND EIGHTY MILLION ONLY).

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the asset appraised.

Yours faithfully,
For and on behalf of
Asset Appraisal Ltd.

Tse Wai Leung
BSc MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC.. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2007 of the property interests held by the Enlarged Group.

Asset Appraisal Limited
資產評值顧問有限公司

Add Rm1303 13/F Beverly House
No. 93-107 Lockhart Road Wanchai HK
地址 香港灣仔駱克道93-107號利臨大廈13字樓1303室
Tel (852) 2529 9448
Tel (852) 3521 9591

22 February 2008

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

Dear Sirs,

Re: Valuation of properties situated in the People's Republic of China and in Hong Kong (the "properties")

In accordance with your instructions to value the property interests held by Wing Hing International Holdings Limited (the "Company") and its subsidiaries and Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited ("Meng Wei"), being the PRC subsidiary of the Target Group (altogether referred to as the "Enlarged Group") situated in the People's Republic of China (the "PRC") and in Hong Kong, we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2007 (the "date of valuation"). With the exception of Property No. 4 specified herein, we have been confirmed by the Company that Farrell Global Limited and its subsidiaries (being the Target Group) do not owned any property interest.

BASIS OF VALUATION

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

TITLESHIP

We have caused title search to be made in the Land Registry for the properties situated in Hong Kong. In addition, we been provided with copies of legal documents regarding the property situated in the PRC. However, we have not verified ownership of the properties and the existence of any encumbrances that would affect ownership of them.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Hills & Co Law Firm (君道律師事務所), a qualified law firm in the PRC, (the "PRC Legal Opinion"), to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights in the property situated in the PRC. According to the PRC Legal Opinion, there is no legal impediment for Meng Wei to obtain the land use right from Inner Mongolia Sophora Investment Company Limited under the relevant PRC laws and regulations.

VALUATION METHODOLOGY

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

For the property situated in the PRC of which the land use rights are in the nature of collectively-owned, our valuation of the property has reflected the land costs by which the property was acquired by Meng Wei.

ASSUMPTIONS

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

As the property situated in the PRC is held by the owner by means of long term Land Use Rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the property for the whole of the unexpired term of the respective land use rights.

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

LIMITING CONDITIONS

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

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

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

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

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

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1st January 2005.

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (HK$). Whenever applicable, an exchange rate of HK$1 to Renminbi (RMB)0.94 is adopted for currency conversion.

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited
TSE Wai Leung
MFin MHKIS AAPI RPS(GP)
Director

Tse Wai Leung is a member of both the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

	Property	Market Value as at 31 December 2007 *HK$*
	Group I – Properties held by the Enlarged Group for investment	
1.	Third Floor Lee Chau Commercial Building No. 11 Hart Avenue Tsim Sha Tsui Kowloon Hong Kong	6,500,000
	Sub-total:	**6,500,000**
	Group II – Properties held by the Enlarged Group for self-occupation	
2.	Flat 1 on Ground Floor Block C and Car Park Space 70 on Basement Castle Peak Villas No. 19 Lok Chui Street Tuen Mun New Territories Hong Kong	4,000,000
3.	Factories on 14th Floor and Car Parking Space Nos. 1 & 2 on Ground Floor Yau Lee Centre No. 45 Hoi Yuen Road Kwun Tong Kowloon Hong Kong	22,500,000
4.	Three parcels of cultivation ground situated at the south of Ji Ba Highway Da Qi Wu Lan Xiang Wu Lan Cun Inner Mongolia Autonomous Region the PRC	194,284,840 55% attributable to the Enlarged Group: HK$106,856,662
	Sub-total:	**133,356,662**
	Grand Total of Property Value attributable to the Enlarged Group:	**139,856,662**

VALUATION CERTIFICATE

Group I – Properties held by the Enlarged Group for Investment

	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 December 2007 *HK$*
1.	Third Floor Lee Chau Commercial Building No. 11 Hart Avenue Tsim Sha Tsui Kowloon Hong Kong 1/11th share of The Remaining Portion of Kowloon Inland Lot No. 9775	The property comprises an office unit on the third floor of a 10-storey commercial building completed in about 1975. The saleable floor area of the property is approximately 1,210 square feet. The property is held under Conditions of Regrant No.9800 for a term of 150 years commencing on 25 December 1898.	The property is currently vacant.	6,500,000

Note:

1. The registered owner of the property is Sunny Engineering Limited, a wholly-owned subsidiary of the Company, vide memorial no.UB9324704 dated 30 August 2004.

2. The property is subject to a legal charge in favour of Wing Hang Bank Limited vide memorial no.06011301280093 dated 30 December 2005.

Group II – Property held by the Enlarged Group for self occupation

	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 December 2007 *HK$*
2.	Flat 1 on Ground Floor Block C and Car Park Space 70 on Basement Castle Peak Villas No. 19 Lok Chui Street Tuen Mun New Territories Hong Kong	The property comprises a domestic unit on ground floor together with a car parking space on basement of a 6-storey apartment building completed in about 1977. The saleable floor area of the property is approximately 1,320 square feet. The property is held under New Grant No.2005 for terms of 99 years less the last three days commencing on 1 July 1898 and the terms have been statutorily extended until 30 June 2047.	The property is occupied by the Enlarged Group as a director quarter.	4,000,000

Notes:

1. The registered owner of the property is Sunny Engineering Limited vide memorial no.TM1108516 dated 30 August 2004.

2. The property is subject to a legal charge in favour of Wing Hang Bank Limited vide memorial no. 06011301280104 dated 30 December, 2005.

	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 December 2007 *HK$*
3.	Factories on 14th Floor and Car Parking Space Nos. 1 & 2 on Ground Floor Yau Lee Centre No. 45 Hoi Yuen Road Kwun Tong Kowloon Hong Kong 496/9995th share of Kwun Tong Inland Lot No. 12	The property comprises an industrial unit on the 14th floor together with two carparking spaces on ground floor of a 15-storey industrial building completed in about 1978. The saleable floor area of the property is approximately 11,240 square feet. The property is held under a Government Lease for terms of 21 years renewable for a further term of 21 years commencing on 1 July 1955 and the terms have been statutorily extended until 30 June 2047.	The property is occupied by the Enlarged Group.	22,500,000

Notes:

1. The registered owner of the property is Sunny Engineering Limited vide memorial no.UB9220741 dated 3 May 2004.

2. The property is subject to a mortgage in favour of DBS Bank (Hong Kong) Limited vide memorial no.UB9318280 dated 25 August 2004.

	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 December 2007 HK$
4.	Three parcels of cultivation ground situated at the south of Ji Ba Highway Da Qi Wu Lan Xiang Wu Lan Cun Inner Mongolia Autonomous Region the PRC	The property comprises three contiguous parcels of agricultural land and is designated as a plantation base for planting Sunflower and oil crops, Ricinus Communis L., Kudouzi (Sophora Alopecuroides). The agricultural land covers a total land area of 82,040 mus (54.69 square kilometers). The property is held under a Government Lease for terms of 21 years renewable for a further term of 21 years commencing on 1 July 1955 and the terms have been statutorily extended until 30 June 2047.	The property is occupied by the Enlarged Group as a herb and oil crop plantation base.	194,284,840 55% interest attributable to the Enlarged Group: 106,856,662

Notes:

1. As stated in a Collectively-owned Land Use Certificate (集體土地使用証) (Ref Nos.Da Ji Yong (2000) Zhi 00002) dated 8 May 2000, the undertaking operation rights (承包經營權) an agricultural land with an area of 33,800 mus (22.53 sq.km.) of which 32,000 mus (21.33 sq.km.) is attributable to the property are held by Inner Mongolia Sophora Investment Company Limited (內蒙古苦豆籽投資有限公司) for a land use right term expiring on 31 December 2049. The land parcel is situated at Pu Ge Bu Village Ji Ba Xian Nan (蒲圪卜村吉巴線南).

2. As stated in another Collectively-owned Land Use Certificate (集體土地使用証) (Ref Nos.Da Ji Yong (2000) Zhi 00004) dated 8 May 2000, the undertaking operation rights (承包經營權) another portion of the property with an area of 3,040 mus (2.03 sq.km.) are held by Inner Mongolia Sophora Investment Company Limited for a land use right term expiring on 31 December 2049. The land parcel is situated at Xin Sheng Village Bu Se Tai Gou Dong (新勝村卜色太溝東).

3. As stated in another Collectively-owned Land Use Certificate (集體土地使用証) (Ref Nos.Da Ji Yong (2000) Zhi 00005) dated 8 May 2000, the undertaking operation rights (承包經營權) the remaining portion of the property with an area of 47,000 mus (31.33 sq.km.) are held by Inner Mongolia Sophora Investment Company Limited for a land use right term expiring on 31 December 2049. The land parcel is situated at Xin Ge Dan Village Nan Leng Pan (新圪旦村南塄畔).

4. As confirmed by the Company, the undertaking operation rights in the property have been transferred from Inner Mongolia Sophora Investment Company Limited to Meng Wei and both parties have applied to the Land Administration Bureau for the land transfer and for new Land Use Right Certificate(s) in the name of Meng Wei.

5. Meng Wei is a Sino-foreign joint venture enterprises established by Inner Mongolia Sophora Investment Company Limited (45%) and Asia Biodiesel and Renewable Energy (Mongolia) Company Limited (55%), a directly wholly-owned subsidiary of Farrell Global Limited (the Target).

6. As the land use rights in the property are in the nature of collectively-owned, our valuation of the property has reflected the land costs by which the property was acquired by Meng Wei. Given the total land costs of HK$194,284,840 (RMB182,627,750) and a total land area of 82,040 mus (54.69 sq.km.), the costs is translated into an unit cost of approximately RMB2,230/mu of land area. This land cost is in line with market price of concession rights in agricultural land in the PRC.

7. Opinion of the PRC Lawyer on the property is summarized as follows:

7.1 Meng Wei has been granted all necessary and valid permit, approval, registration status and consent for operating and developing Kudouzi products and feedstock for biodiesel. Such approval and consent have been granted by legitimate authorities without violating any Government policies for restricting overseas investors from participating in certain industries. No legal impediment is found for the continuation of the business operations by Meng Wei under the existing situation.

7.2 Meng Wei is a Sino-foreign cooperating joint venture established by Inner Mongolia Sophora Investment Company Limited (Party A) and Asia Biodiesel and Renewable Energy (Mongolia) Company Limited (Party B) via a joint venture contract dated 5 August 2007 and its incorporation was approved by the Municipal Government of Inner Mongalia via a Joint Venture Enterprise Approval (Ref No.商外資蒙呼如審字20070113號, transliterated as Shang Wai Zi Meng Hu Ru Shen Zhi 20070113) dated 23 October 2007 with an operating period of 30 years from the issue date of Business Licence (Ref No. 150100400000380) i.e. 30 October 2007.

7.3 The registered capital of Meng Wei is US$29.95 million. Party A would inject a parcel of land with an area of 50,040 mus of land as its 45% contribution to the capital and Party B would inject a cash amount of US$16.4725 million as its 55% contribution to the capital of Meng Wei. Up to 31 December 2007, Party B has injected a total cash amount of US$11.54 million to Meng Wei.

7.4 The Land Undertaking Operation Rights (土地承包經營權) in the land parcel mentioned in note 7.3 are currently held by Party A via two Collective Land Use Right Certificates (ref nos. 達集用(2000)字第00004號, transliterated as Da Ji Yong (2000) Zhi No. 00004 and 達集用(2000)字第00005號, transliterated as Da Ji Yong (2000) Zhi No. 00005) for a term expiring on 31 December 2049. The permitted use of the Land Undertaking Operation Rights is agriculture (Kudouzi plantation base).

7.5 The Land Undertaking Operation Rights in the remaining portion of the property with an area of 32,000 mus are currently held by Party A via another Collective Land Use Right Certificate (達集用(2000)字第00002號, transliterated as Da Ji Yong (2000) Zhi No. 00002). The permitted use of the Land Undertaking Operation Rights is agriculture (Kudouzi plantation base).

7.6 Pursuant to Land Use Right Transfer Contract (土地使用權出讓合同) dated 31 December 2007 between Party A and Meng Wei, Party A agreed to transfer its Land Undertaking Operation Rights in the land parcel mentioned in note 7.5 to Meng Wei at a consideration of RMB84,154,000. Such purchase price has been settled by Meng Wei in full. The completion of the land transfer is subject to the completion of land transfer procedures and registration by Party A. Party A agreed to return the total land purchase price to Meng Wei should the land transfer procedures and registration cannot be completed within a period of 120 days.

7.7 As the Land Undertaking Operation Rights in the aforesaid land parcels have been legally acquired by Party A, the transfer of the rights by Party A to Meng Wei mentioned in note 7.3 and 7.6 are permitted. Party A have submitted relevant application to the Municipal Government of Ordos City Inner Mongolia for the land transfers and upon obtaining Collective Land Use Certificate from the Government, Meng Wei shall be the legitimate holder of the Land Undertaking Operation Rights in the property. The rights can then be allowed to be assigned, leased, capitalized, charged or circulated in any other manners.

7.8 Up to the date of the PRC Legal Opinion, the Land Undertaking Operation Rights in the property were free from any third parties' rights, liabilities and encumbrances.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

An unqualified opinion was issued by the auditors of the Company in respect of the audit of the financial statements of the Group for each of the three years ended 31 March 2007. A summary of the financial information of the Group as extracted from the annual reports of the Company for each of the three years ended 31 March 2007 and interim report of the Company for the six months ended 30 September 2007 is set out below.

	Six months ended 30 September	Year ended 31 March		
	2007	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)			(As restated)
Revenue	327,015	480,292	494,445	434,801
Cost of sales	(305,837)	(425,548)	(490,730)	(401,079)
Gross profit	21,178	54,744	3,715	33,722
Other income	7,934	43,829	13,294	6,968
Other gains and losses	1,497	5,713	4,889	517
Administrative and operating expenses	(15,543)	(68,816)	(42,019)	(30,137)
Share of losses of associates	(4,283)	(3,497)	(413)	176
Share of (losses)/profits of jointly-controlled entities	(768)	(19,467)	800	3,602
Finance costs	(143)	(1,007)	(890)	(870)
Profit/(Loss) before tax	9,872	11,499	(20,624)	13,978
Income tax expense	170	(734)	(369)	520
Profit/(Loss) for the year	10,042	10,765	(20,993)	14,498
Attributable to:				
Equity holders of the Company	10,041	9,519	(22,336)	14,176
Minority interests	1	1,246	1,343	322
	10,042	10,765	(20,993)	14,498
Earnings/(Loss) per share				
Basic (HK cents per share)	18.49	18.97	(63.46)	49.3
Diluted (HK cents per share)	N/A	N/A	N/A	43.1

Consolidated balance sheets

	At 30 September 2007	At 31 March 2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)			(As restated)
Non-current assets				
Property, plant and equipment	16,599	21,198	23,997	24,776
Prepaid lease payments	667	675	692	709
Investment property	4,800	4,800	4,400	4,000
Goodwill	1,943	1,943	2,308	2,308
Interests in associates	21,426	21,039	17,704	10,770
Interests in jointly-controlled entities	5,026	9,309	37,621	46,107
Available-for-sale investment	1	1	1	–
Amount due from an investee entity	17,136	16,604	13,164	–
Contract retention receivables	5,752	2,154	3,963	6,762
Deferred tax assets	439	104	112	136
	73,789	77,827	103,962	95,568
Current assets				
Accounts receivable	111,396	95,357	114,553	131,154
Other receivables	32,551	26,987	13,698	19,148
Pledged bank deposits	16,675	16,675	20,944	35,025
Bank balances and cash	47,295	33,742	18,465	13,025
	207,917	172,761	167,660	198,352
Current liabilities				
Accounts payable	94,930	73,583	100,921	107,176
Other payables	7,825	7,911	13,808	28,916
Tax liabilities	–	–	657	716
Bank borrowings, secured	868	846	15,602	7,387
	103,623	82,340	130,988	155,413
Net current assets	104,294	90,421	36,672	42,939
Total assets less current liabilities	178,083	168,248	140,634	138,507
Capital and reserves				
Share capital	54,300	54,300	36,200	28,750
Reserves	117,285	106,511	95,235	105,492
Equity attributable to the equity holders of the Company	171,585	160,811	131,435	134,242
Minority interests	2,952	2,951	5,087	4,265
Total equity	174,537	163,762	136,522	138,507
Non-current liabilities				
Deferred tax liabilities	2,287	1,828	609	–
Bank borrowings, secured	1,259	2,658	3,503	–
	3,546	4,486	4,112	–
	178,083	168,248	140,634	138,507

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2007.

Consolidated Income Statement
For the year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	6	480,292	494,445
Cost of sales	11	(425,548)	(490,730)
Gross profit		54,744	3,715
Other income	8	43,829	13,294
Other gains and losses		5,713	4,889
Administrative and operating expenses		(68,816)	(42,019)
Share of losses of associates		(3,497)	(413)
Share of (losses)/profits of jointly-controlled entities		(19,467)	800
Finance costs	9	(1,007)	(890)
Profit/(Loss) before tax		11,499	(20,624)
Income tax expense	10	(734)	(369)
Profit/(Loss) for the year	11	10,765	(20,993)
Attributable to:			
Equity holders of the Company		9,519	(22,336)
Minority interests		1,246	1,343
		10,765	(20,993)
Earnings/(Loss) per share			
Basic (HK cents per share)	14	18.97	(63.46)
Diluted (HK cents per share)	14	N/A	N/A

Consolidated balance Sheet
At 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	16	21,198	23,997
Prepaid lease payments	17	675	692
Investment property	18	4,800	4,400
Goodwill	19	1,943	2,308
Interests in associates	21	21,039	17,704
Interests in jointly-controlled entities	22	9,309	37,621
Available-for-sale investment	23	1	1
Amount due from an investee entity	23	16,604	13,164
Contract retention receivables	24	2,154	3,963
Deferred tax assets	30	104	112
		77,827	103,962
Current assets			
Accounts receivable	24	95,357	114,553
Other receivables	25	26,987	13,698
Pledged bank deposits	26, 29	16,675	20,944
Bank balances and cash	26	33,742	18,465
		172,761	167,660
Current liabilities			
Accounts payable	27	73,583	100,921
Other payables	28	7,911	13,808
Tax liabilities		–	657
Bank borrowings, secured	29	846	15,602
		82,340	130,988
Net current assets		90,421	36,672
Total assets less current liabilities		168,248	140,634
Capital and reserves			
Share capital	32	54,300	36,200
Reserves		106,511	95,235
Equity attributable to the equity holders of the Company		160,811	131,435
Minority interests		2,951	5,087
Total equity		163,762	136,522
Non-current liabilities			
Deferred tax liabilities	30	1,828	609
Bank borrowings, secured	29	2,658	3,503
		4,486	4,112
		168,248	140,634

Balance Sheet
At 31 March 2007

	Notes	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Property, plant and equipment	*16*	205	394
Interests in subsidiaries	*20*	98,890	107,012
		99,095	107,406
Current assets			
Amounts due from subsidiaries	*20*	58,580	25,650
Amounts due from associates		59	–
Other receivables		755	921
Bank balances and cash		544	68
		59,938	26,639
Current liabilities			
Amounts due to subsidiaries	*20*	2,204	3,365
Other payables		703	665
		2,907	4,030
Net current assets		57,031	22,609
Net assets		156,126	130,015
Capital and reserves			
Share capital	*32*	54,300	36,200
Reserves	*34*	101,826	93,815
		156,126	130,015

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to the equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Assets revaluation reserve HK$'000	Warrant reserve HK$'000	Convertible loan note equity reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2005	28,750	166,405*	1,781*	15,611*	–*	672*	(78,977)*	134,242	4,265	138,507
Gain on fair value changes of property, plant and equipment	–	–	–	4,083	–	–	–	4,083	130	4,213
Loss on fair value changes of property, plant and equipment	–	–	–	(5)	–	–	–	(5)	(1)	(6)
Deferred tax *(note 30)*	–	–	–	(221)	–	–	–	(221)	–	(221)
Release upon disposal of property, plant and equipment	–	–	–	(980)	–	–	980	–	–	–
Net income recognized directly in equity	–	–	–	2,877	–	–	980	3,857	129	3,986
Loss for the year	–	–	–	–	–	–	(22,336)	(22,336)	1,343	(20,993)
Total income and expenses recognized for the year	–	–	–	2,877	–	–	(21,356)	(18,479)	1,472	(17,007)
Issue of shares upon conversion of Convertible Note *(note 31)*	5,750	6,194	–	–	–	(672)	–	11,272	–	11,272
Capital Reduction *(note 34)*	–	(138,808)	–	–	–	–	138,808	–	–	–
Acquisition of additional interest in a subsidiary *(note 35(i))*:										
– Issue of Consideration Shares	1,700	1,700	–	–	–	–	–	3,400	–	3,400
– Issue of warrants	–	–	–	–	1,000	–	–	1,000	–	1,000
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	(650)	(650)
At 31 March 2006	36,200	35,491*	1,781*	18,488*	1,000*	–	38,475*	131,435	5,087	136,522

	Attributable to the equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Assets revaluation reserve HK$'000	Warrant reserve HK$'000	Convertible loan note equity reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006	36,200	35,491*	1,781*	18,488*	1,000*	–	38,475*	131,435	5,087	136,522
Gain on fair value changes of property, plant and equipment	–	–	–	2,882	–	–	–	2,882	–	2,882
Loss on fair value changes of property, plant and equipment	–	–	–	(7)	–	–	–	(7)	–	(7)
Deferred tax *(note 30)*	–	–	–	(1,040)	–	–	–	(1,040)	–	(1,040)
Release upon disposal of property, plant and equipment	–	–	–	(585)	–	–	585	–	–	–
Net income recognized directly in equity	–	–	–	1,250	–	–	585	1,835	–	1,835
Profit for the year	–	–	–	–	–	–	9,519	9,519	1,246	10,765
Total income and expenses recognized for the year	–	–	–	1,250	–	–	10,104	11,354	1,246	12,600
Issue of ordinary shares *(note 32)*	18,100	–	–	–	–	–	–	18,100	–	18,100
Release upon disposal of a subsidiary *(note 35(ii))*	–	–	–	(78)	–	–	–	(78)	(3,382)	(3,460)
At 31 March 2007	54,300	35,491*	1,781*	19,660*	1,000*	–	48,579*	160,811	2,951	163,762

* *These reserve accounts comprise the consolidated reserves of HK$106,511,000 (2006: HK$95,235,000) in the consolidated balance sheet.*

The contributed surplus of the Group arose as a result of the Group reorganization completed on 2 October 1995 and represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Group reorganization, over the nominal value of the share capital of the Company issued in exchange therefor.

Consolidated Cash Flow Statement
For the year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Operating activities			
Profit/(Loss) for the year		10,765	(20,993)
Adjustments for:			
Amortization of prepaid lease payments		17	17
Depreciation for property, plant and equipment		4,888	5,451
Gain on disposal of subsidiaries		(3,843)	–
Gain on fair value changes of an investment property		(400)	(400)
Loss on fair value changes of property, plant and equipment		11	58
Impairment loss recognized in respect of amounts due from contract customers		989	1,894
Impairment loss reversed in respect of amounts due from contract customers		(2,246)	–
Interest income		(785)	(908)
Loss on disposal of property, plant and equipment		165	195
Loss on disposal of an associate		–	710
Loss on disposal of a jointly-controlled entity		111	–
Write back of long outstanding payables		(371)	(7,346)
Share of losses of associates		3,497	413
Share of losses/(profits) of jointly-controlled entities		19,467	(800)
Finance costs		1,007	890
Income tax expense		734	369
Operating cash flows before movements in working capital		34,006	(20,450)
Accounts receivable		6,236	19,624
Balances with jointly-controlled entities		(3,523)	9,429
Balances with associates		(2,372)	(2,503)
Balances with related companies		–	1,895
Balances with minority shareholders		144	(1,179)
Prepayments, deposits and other receivables		(693)	2,507
Accounts payable		(10,630)	(8,006)
Other payables and accruals		(478)	46
Cash generated from operations		22,690	1,363
Interest paid		(1,007)	(836)
Hong Kong Profits Tax paid		(48)	(16)
Net cash generated by operating activities		21,635	511

	Notes	2007 HK$'000	2006 HK$'000
Investing activities			
Interest received		785	908
Dividends received from jointly-controlled entities		3,560	9,286
Dividends received from an associate		–	2,449
Purchase of property, plant and equipment		(291)	(913)
Acquisition of a subsidiary	*35*	–	(9,663)
Disposal of subsidiaries	*35*	(14,009)	–
Acquisition of associates		–	(850)
Amounts advanced to associates		–	(8,946)
Purchase of available-for-sale investment		–	(1)
Amounts advanced to an investee entity		(3,440)	(13,164)
Proceeds from disposal of property, plant and equipment		269	66
Decrease in pledged bank deposits		4,269	14,081
Net cash used in investing activities		(8,857)	(6,747)
Financing activities			
Proceeds from issue of ordinary shares		18,100	–
Proceeds from bank borrowings		–	6,120
Repayment of bank borrowings		(801)	(195)
Proceeds from new trust receipt loans		24,363	37,379
Repayment of trust receipt loans		(37,479)	(27,943)
Repayment of term loan		(1,620)	–
Capital contributions from minority interests		–	608
Dividends paid to minority interests		–	(650)
Net cash generated by financing activities		2,563	15,319
Net increase in cash and cash equivalents		15,341	9,083
Cash and cash equivalents at the beginning of the financial year		18,401	9,318
Cash and cash equivalents at the end of the financial year		33,742	18,401
Analysis of balances of cash and cash equivalents			
Bank balances and cash		33,742	18,465
Bank overdrafts		–	(64)
		33,742	18,401

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

1. GENERAL

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of these new HKFRSs has had no material impact on the amounts reported for the current or prior accounting years.

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 new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

		Notes
HKAS 1 (Amendment)	Capital Disclosures	1
HKAS 23 (Revised)	Borrowing Costs	7
HKFRS 7	Financial Instruments: Disclosures	1
HKFRS 8	Operating Segments	7
HK(IFRIC)-Int 8	Scope of HKFRS 2	2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	3
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	4
HK(IFRIC)-Int 11	HKFRS 2–Group and Treasury Share Transactions	5
HK(IFRIC)-Int 12	Service Concession Arrangements	6

Notes:

1. Effective for annual periods beginning on or after 1 January 2007
2. Effective for annual periods beginning on or after 1 May 2006
3. Effective for annual periods beginning on or after 1 June 2006
4. Effective for annual periods beginning on or after 1 November 2006
5. Effective for annual periods beginning on or after 1 March 2007
6. Effective for annual periods beginning on or after 1 January 2008
7. Effective for annual periods beginning on or after 1 January 2009

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalized goodwill arising on acquisitions of subsidiaries, the Group has discontinued amortization from 1 January 2005 onwards, and such goodwill (net of cumulative amortization as at 31 December 2005) is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

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

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

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

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

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

Investments in associates

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

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

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

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

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

Jointly-controlled entities

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

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

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

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

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

Construction contracts

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

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

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

Revenue recognition

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

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

Service income is recognized when services are provided.

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

Property, plant and equipment

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

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

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

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

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

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

Investment properties

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

Leasehold land

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

Foreign currencies

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

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

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

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

Borrowing costs

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

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

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

Financial instruments

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

Financial assets

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

Financial assets at fair value through profit or loss

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

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

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

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

Financial liabilities at fair value through profit or loss

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

Other financial liabilities

Other financial liabilities (including accounts payable, other payables, and bank borrowings) are subsequently measured at amortized cost, using the effective interest method.

Convertible loan notes

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

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

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

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

Equity instruments

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

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

Financial guarantee contracts

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

Derecognition

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

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Provisions

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

Impairment losses (other than goodwill)

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

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

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

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

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

Cash-settled share-based payment transactions

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Impairment of goodwill

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

Estimated impairment of property, plant and equipment

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

Estimated useful lives of property, plant and equipment

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

Impairment loss of accounts and other receivables

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

Outcome of construction contracts

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

Income taxes

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at 31 March 2007 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Interest rate risk

The Group is exposed to both fair value interest rate risk and cash flows interest rate risk through the impact of the rate changes on fixed interest rate borrowings and floating interest rate borrowings respectively. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Foreign currency risk

Certain accounts receivable, other receivables, bank balances, accounts payable and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

6. REVENUE

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

	2007	**2006**
	HK$'000	*HK$'000*
Construction contract revenue	447,385	460,956
Revenue from sales of goods	32,907	33,489
	480,292	494,445

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

(a) Superstructure construction works segment;

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

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

(d) Interior decoration and landscaping works segment; and

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

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

Segment information about these businesses is presented below.

2007

	Superstructure construction works	Foundation piling, substructure works and slope improvement works	Special construction projects	Interior decoration and landscaping works	Corporate and others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
External sales	400,745	31,466	1,653	13,521	32,907	–	480,292
Inter-segment sales	–	1,704	–	32,082	–	(33,786)	–
Total	400,745	33,170	1,653	45,603	32,907	(33,786)	480,292

Inter-segment sales are charged at prevailing market rates.

RESULT							
Segment result	43,720	46,466	(2,034)	7,672	2,014	(50)	97,788
Unallocated income							6,663
Unallocated corporate expenses							(68,981)
Share of losses of							
– associates							(3,497)
– jointly-controlled entities							(19,467)
Finance costs							(1,007)
Profit before tax							11,499
Income tax expense							(734)
Profit for the year							10,765

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
BALANCE SHEET							
ASSETS							
Segment assets	100,740	15,313	–	3,697	47,505	521	167,776
Interests in associates	–	–	–	702	20,337	–	21,039
Interests in jointly-controlled entities	646	1,621	(14,323)	–	21,365	–	9,309
Unallocated corporate assets							52,464
Consolidated total assets							250,588
LIABILITIES							
Segment liabilities	61,390	14,043	–	3,313	2,748	–	81,494
Unallocated corporate liabilities							5,332
Consolidated total liabilities							86,826
OTHER INFORMATION							
Capital additions	208	–	–	39	44	–	291
Depreciation and amortization	225	275	–	76	4,329	–	4,905
Loss on fair value changes of property, plant and equipment	11	–	–	–	–	–	11
Impairment losses on amounts due from contract customers	130	649	–	210	–	–	989
Impairment losses reversed on amounts due from contract customers	(2,246)	–	–	–	–	–	(2,246)
Loss on disposal of property, plant and equipment	100	33	–	32	–	–	165
Loss on disposal of a jointly–controlled entity	–	–	111	–	–	–	111
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Gain on disposal of subsidiaries	–	–	–	(3,843)	–	–	(3,843)
Write back of long outstanding payables	(74)	(187)	–	(110)	–	–	(371)

2006

	Superstructure construction works	Foundation piling, substructure works and slope improvement works	Special construction projects	Interior decoration and landscaping works	Corporate and others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
External sales	326,263	54,535	58,671	21,487	33,489	–	494,445
Inter-segment sales	287	4,055	2,882	34,661	–	(41,885)	–
Total	326,550	58,590	61,553	56,148	33,489	(41,885)	494,445

Inter-segment sales are charged at prevailing market rates.

RESULT							
Segment result	32,523	17,780	(40,795)	8,709	3,954	1,277	23,448
Unallocated income							1,308
Unallocated corporate expenses							(44,877)
Share of profits/(losses) of							
– associates							(413)
– jointly-controlled entities							800
Finance costs							(890)
Loss before tax							(20,624)
Income tax expense							(369)
Loss for the year							(20,993)

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
BALANCE SHEET							
ASSETS							
Segment assets	87,549	23,325	8,740	8,776	45,483	595	174,468
Interests in associates	–	–	–	–	17,704	–	17,704
Interests in jointly-controlled entities	3,183	(274)	6,005	–	28,707	–	37,621
Unallocated corporate assets							41,829
Consolidated total assets							271,622
LIABILITIES							
Segment liabilities	74,547	17,876	12,936	5,867	3,503	–	114,729
Unallocated corporate liabilities							20,371
Consolidated total liabilities							135,100
OTHER INFORMATION							
Capital additions	24	281	–	419	189	–	913
Depreciation and amortization	465	361	14	179	4,449	–	5,468
Loss on fair value changes of property, plant and equipment	–	–	–	58	–	–	58
Impairment losses on amounts due from contract customers	1,431	199	147	–	102	15	1,894
Loss on disposal of property, plant and equipment	37	41	–	117	–	–	195
Loss on disposal of an associate	–	–	–	–	619	91	710
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Write back of long outstanding payables	(4,902)	(609)	(131)	(166)	(1,538)	–	(7,346)

Geographical segments

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

8. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Service fee income from:		
– jointly-controlled entities	40,366	9,630
– associates	370	125
– independent third parties	765	269
	41,501	10,024
Interest income on bank deposits	785	908
Rental income from investment property	128	112
Rental income from machinery held for operating lease purposes	167	832
Others	1,248	1,418
	43,829	13,294

9. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank borrowings		
wholly repayable within five years	1,007	754
not wholly repayable within five years	–	68
Effective interest expense on Convertible Note	–	68
	1,007	890

No borrowing costs were capitalized during the year ended 31 March 2007 (2006: Nil).

10. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
Current tax		
Hong Kong	547	(43)
Deferred tax *(note 30)*	187	412
Tax charge for the year	734	369

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

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

	2007	2006
	HK$'000	*HK$'000*
Profit/(Loss) before tax	11,499	(20,624)
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	2,012	(3,610)
Tax effect of income not taxable for tax purpose	(1,977)	(1,468)
Tax effect of expenses not deductible for tax purpose	1,028	1,804
Utilization of tax losses previously not recognized	(5,011)	(4,480)
Others	4,682	8,123
Tax charge for the year	734	369

11. PROFIT/(LOSS) FOR THE YEAR

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

	2007	2006
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	4,888	5,451
Less: Amounts capitalized in construction contracts	(3,677)	(3,663)
	1,211	1,788
Amortization of prepaid lease payments	17	17
Total depreciation and amortization	1,228	1,805
Auditors' remuneration	610	590
Net foreign exchange losses	81	195
Loss on disposal of property, plant and equipment	165	195
Gain on disposal of subsidiaries	(3,843)	–
Loss on disposal of an associate	–	710
Loss on disposal of a jointly-controlled entity	111	–
Gross rental income from investment property	(128)	(112)
Less: Direct operating expenses from investment property that generated rental income during the year	32	31
	(96)	(81)

	2007	2006
	HK$'000	*HK$'000*
Loss on fair value changes of property, plant and equipment	11	58
Impairment losses recognized in respect of amounts due from contract customers	989	1,894
Impairment losses reversed in respect of amounts due from contract customers	(2,246)	–
Write back of long outstanding payables	(371)	(7,346)
Minimum lease payments paid under operating leases during the period:		
Leasehold land and buildings	1,115	1,526
Less: Amounts capitalized in construction contracts	(442)	(531)
	673	995
Plant and machinery	3,117	7,362
Less: Amounts capitalized in construction contracts	(3,117)	(7,362)
	–	–
	673	995
Employee benefits expense (including directors' remuneration):		
Wages and salaries	81,685	66,984
Contributions to retirement benefits schemes	3,035	1,875
	84,720	68,859
Less: Amounts capitalized in construction contracts	(23,860)	(40,635)
	60,860	28,224
Cost of services and inventories recognized as an expense	425,548	490,730
Gain on fair value changes of an investment property	(400)	(400)
Share of tax of associates (included in share of results of associates)	90	–
Share of tax of a jointly-controlled entity (included in share of results of jointly-controlled entities)	155	95

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 11 (2006:11) directors were as follows:

For the year ended 31 March 2007

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

For the year ended 31 March 2006

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

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

The amount of directors' emoluments which is directly attributable to construction activities and capitalized in construction contracts amounted to approximately HK$716,000 (2006: HK$716,000).

The directors' emoluments shown above do not include the estimated monetary value of the Group's owned premises provided rent-free to a director. The estimated rental value of such accommodation was approximately HK$96,000 (2006: HK$96,000) for the year ended 31 March 2007.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2006: three) were directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining one (2006: two) individual were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other benefits	2,650	3,044
Contributions to retirement benefits schemes	5	24
	2,655	3,068

Their emoluments were within the following bands:

	Number of individuals	
	2007	**2006**
HK$1,000,001-HK$1,500,000	–	1
HK$1,500,001-HK$2,000,000	–	1
HK$2,500,001-HK$3,000,000	1	–
	1	2

Compensation to key management personnel

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

14. EARNINGS/(LOSS) PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic earnings per share (profit/(loss) for the year attributable to equity holders of the Company)	9,519	(22,336)

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earning per share	50,184	35,195

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

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

15. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$8,011,000 (2006: HK$6,159,000) (note 34).

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold buildings *HK$'000*	Plant and machinery *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation					
At 1 April 2005	8,150	13,768	9,398	1,202	32,518
Additions	–	243	203	467	913
Disposals	–	(36)	–	(225)	(261)
Revaluation	1,550	(2,047)	–	(199)	(696)
At 31 March 2006	9,700	11,928	9,601	1,245	32,474
Additions	–	39	46	206	291
Disposals	–	(2)	–	(432)	(434)
Disposal of subsidiaries	–	(469)	(1,045)	(154)	(1,668)
Revaluation	300	(1,580)	–	(195)	(1,475)
At 31 March 2007	10,000	9,916	8,602	670	29,188
Comprising					
At cost	–	–	8,602	–	8,602
At valuation	10,000	9,916	–	670	20,586
	10,000	9,916	8,602	670	29,188
Depreciation and impairment					
At 1 April 2005	–	–	7,742	–	7,742
Provided for the year	178	3,774	735	764	5,451
Eliminated on revaluation	(178)	(3,774)	–	(764)	(4,716)
At 31 March 2006	–	–	8,477	–	8,477
Provided for the year	242	3,763	484	399	4,888
Eliminated on disposal of subsidiaries	–	(48)	(971)	(17)	(1,036)
Eliminated on revaluation	(242)	(3,715)	–	(382)	(4,339)
At 31 March 2007	–	–	7,990	–	7,990
Carrying amounts					
At 31 March 2007	10,000	9,916	612	670	21,198
At 31 March 2006	9,700	11,928	1,124	1,245	23,997

Company

	Furniture and equipment *HK$'000*
Cost	
At 1 April 2005	2,140
Additions	189
At 31 March 2006	2,329
Additions	44
At 31 March 2007	2,373
Depreciation and impairment	
At 1 April 2005	1,507
Provided for the year	428
At 31 March 2006	1,935
Provided for the year	233
At 31 March 2007	2,168
Carrying amounts	
At 31 March 2007	205
At 31 March 2006	394

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

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

At 31 March 2007, the Group's leasehold buildings were situated in Hong Kong and held under medium-term leases, which were pledged to secure general banking facilities granted to the Group.

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

The fair value of the Group's plant and machinery at 31 March 2007 of approximately HK$9,916,000 (2006: HK$11,928,000) was arrived at on the basis of a valuation carried out at that date by AA Property Services Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK$2,135,000 (2006: HK$1,785,000) was credited to the asset revaluation reserve.

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

The directors believe that the carrying value of furniture and equipment at 31 March 2007 of approximately HK$612,000 (2006: HK$1,124,000) approximates their fair values and, in view of the immateriality of the individual amount involved, a professional valuation has not been carried out on these assets.

Had the Group's property, plant and equipment been measured on a historical cost basis, the carrying amounts of leasehold buildings, plant and machinery, and motor vehicles at 31 March 2007 would have been approximately HK$5,320,000, HK$6,536,000 and HK$362,000, respectively.

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments at 31 March 2007 represented leasehold land in Hong Kong held under medium-term leases. The leasehold land was amortized on a straight-line basis over the remaining term of leases.

18. INVESTMENT PROPERTY

	Group
	HK$'000
FAIR VALUE	
At 1 April 2005	4,000
Net increase in fair value	400
At 31 March 2006	4,400
Net increase in fair value	400
At 31 March 2007	4,800

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

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

At 31 March 2007, the Group's investment property was located in Hong Kong and held under medium-term lease, which was pledged to secure general banking facilities granted to the Group.

19. GOODWILL

	Group
	HK$'000
Cost and carrying amounts	
At 1 April 2005 and 31 March 2006	2,308
Eliminated on disposal of a subsidiary	(365)
At 31 March 2007	1,943

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

	2007	2006
	HK$'000	*HK$'000*
Landscaping		
– Design Landscapes International (HK) Company Limited (single CGU)	–	365
Trading of plastic products		
– Supertact Plastics Company Limited (single CGU)	1,943	1,943
	1,943	2,308

Trading of plastic products

The recoverable amount of the trading of plastic products is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 5% per annum. Cash flow beyond that five-year period have been extrapolated using a steady 7.5% per annum growth rate, which are determined by management based on past performance and its expectation of market development. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

20. INTERESTS IN SUBSIDIARIES

	Company	
	2007	2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	53,662	53,662
Amounts due from subsidiaries	219,471	203,855
	273,133	257,517
Less: accumulated impairment	(115,663)	(124,855)
	157,470	132,662
Amounts due from subsidiaries classified as current	(58,580)	(25,650)
	98,890	107,012

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The directors consider that the carrying amounts approximate their fair values.

Particulars of the Company's principal subsidiaries at 31 March 2007 are as follows:

Name of subsidiary	Place of incorporation and operations	Form of business structure	Nominal value of issued share capital	Percentage of equity attributable to the Company	Principal activities
Directly held					
Wing Hing Group (BVI) Limited ("Wing Hing BVI")	British Virgin Islands	Limited liability company	Ordinary HK$320,000	100%	Investment holding
CWS International Trading Limited	British Virgin Islands	Limited liability company	Ordinary US$10	100%	Investment holding
Indirectly held					
W. Hing Construction Company Limited	Hong Kong	Limited liability company	Ordinary HK$102,300,100 Deferred HK$2,380,000 *(note (i))*	100%	Superstructure construction
CWF Piling & Civil Engineering Company Limited	Hong Kong	Limited liability company	Ordinary HK$48,500,000 Deferred HK$1,500,000 *(note (i))*	100%	Foundation piling works
Sunny Engineering Limited	Hong Kong	Limited liability company	Ordinary HK$1,000	100%	Property investment and investment holding
W H China (Holdings) Limited	Hong Kong	Limited liability company	Ordinary HK$2	100%	Investment holding
W H Interior Design and Contracting Company Limited	Hong Kong	Limited liability company	Ordinary HK$2	100%	Interior decoration
JCL Engineering Limited	Hong Kong	Limited liability company	Ordinary HK$10,000	91%	Environmental engineering
CSP (HK) Limited	Hong Kong	Limited liability company	Ordinary HK$10	100%	Investment holding
TCL Piling Specialist Limited	Hong Kong	Limited liability company	Ordinary HK$1,920,002	100%	Foundation piling works
CHEC-CWF Joint Venture	Hong Kong	Unincorporated	–	51%	Foundation piling works
Supertact Plastics Company Limited	Hong Kong	Limited liability company	Ordinary HK$4,000,000	100%	Trading of plastic products

Notes:

(i) The deferred shares carry no rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of the company. In the winding-up of a company, holders of the deferred shares are entitled to receive amounts paid-up or credited as paid-up on shares after the holders of the ordinary shares of the company have received a total return of HK$1,000,000,000 per share. At 31 March 2007, all these deferred shares were owned by Wing Hing Group (BVI) Limited.

(ii) On 13 July 2006, W. Hing Construction Company Limited ("WH Construction"), a wholly-owned subsidiary of the Company, entered into a conditional subscription agreement dated 13 July 2006 with Design Landscapes International (HK) Company Limited ("Design Landscapes"), pursuant to which WH Construction has agreed to subscribe 42,711 new shares of Design Landscapes for an aggregate cash consideration of HK$93,110. On the same day, Mr Keith Jeferey Dood, an independent third party, entered into another conditional subscription agreement dated 13 July 2006 with Design Landscapes, pursuant to which Mr Keith has agreed to subscribe 67,511 new shares of Design Landscapes for an aggregate cash consideration of HK$147,174.

Upon completion of the aforesaid subscription agreements, the interest of WH Construction in Design Landscapes was reduced from 51% to approximately 50%. Accordingly, the results of Design Landscapes were consolidated up to August 2006 and accounted for as an associate of the Group thereafter. Details of the assets and liabilities of Design Landscapes as of the date of the dilution of interest in Design Landscapes are set out in note 35(ii) to the financial statements.

(iii) On 18 October 2006, Wing Hing BVI, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser") and the ultimate beneficial owner of the Purchaser, pursuant to which Wing Hing BVI agreed to sell and the Purchaser agreed to acquire the entire issued share capital of Anpoint Engineering Limited ("Anpoint"), an indirect wholly-owned subsidiary of the Company, for a consideration of HK$1.00.

Upon completion of the sale and purchase agreement, the Group has ceased to hold any equity interests in Anpoint. Details of the assets and liabilities of Anpoint as of the date of the disposal are set out in note 35(ii) to the financial statements.

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

21. INTERESTS IN ASSOCIATES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Cost of investments in associates		
Unlisted	4,787	858
Share of post-acquisition results, net of dividends received	(3,913)	(416)
	874	442
Amounts due from associates	31,243	18,862
	32,117	19,304
Amounts due from associates classified as current	(11,078)	(1,600)
	21,039	17,704

Particulars of the Group's principal associates at 31 March 2007 are as follows:

Name	**Form of business structure**	**Place of incorporation and operations**	**Percentage of equity interest attributable to the Group**	**Principal activities**
Design Landscapes International (HK) Company Limited *(note 20(ii))*	Limited liability company	Hong Kong	50%	Provision of landscaping services
Design Landscapes International (Group) Company Limited	Limited liability company	Hong Kong	50%	Provision of landscaping services
King Fine Development Limited	Limited liability company	Hong Kong	35%	Property development
Powerluck Properties Limited	Limited liability company	British Virgin Islands	35%	Property development
Hypsos Leisure Asia Limited	Limited liability company	Hong Kong	42.5%	Exhibition project management

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

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

	2007	**2006**
	HK$'000	*HK$'000*
Total assets	196,507	79,714
Total liabilities	196,326	78,760
Revenue	71,110	721
Loss for the year	8,945	980

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Cost of investments in jointly-controlled entities		
Unlisted	34,639	39,924
Share of post-acquisition results, net of dividends received	(25,330)	(2,303)
	9,309	37,621

Particulars of the Group's principal jointly-controlled entities at 31 March 2007 are as follows:

Name	Form of 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
Costain-China Harbour Joint Venture	Unincorporated	Hong Kong	33-1/3%	40%	Foundation piling works
CHEC-CWF Limited	Limited liability company	Hong Kong	30%	30%	Highway maintenance
China Harbour-Transfield Joint Venture	Unincorporated	Hong Kong	25%	15.3%	Drainage improvement
MLL-CWF Joint Venture	Unincorporated	Hong Kong	50%	40%	Foundation piling works
China Harbour-CWF Joint Venture	Unincorporated	Hong Kong	50%	49%	Foundation piling works
Veolia Water (Zhuhai) Wastewater Treatment Company Limited	Sino-foreign co-operative joint venture	The People's Republic of China (the "PRC")	50%	40%	Provision of wastewater treatment service
Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited	Sino-foreign co-operative joint venture	PRC	20%	39%	Provision of wastewater treatment management service

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

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

	2007	**2006**
	HK$'000	*HK$'000*
Total assets	378,923	365,215
Total liabilities	365,967	261,489
Revenue	412,994	248,398
(Loss)/Profit for the year	(68,134)	13,694

23. AVAILABLE-FOR-SALE INVESTMENT

	Group 2007 HK$'000	Group 2006 HK$'000
Unlisted equity securities, at cost	1	1

Notes:

(i) The Group holds 8% of the issued share capital of Wealthy Star Development Limited, a limited liability company incorporated in Hong Kong which is engaged in property development. The Group's investment in Wealthy Star Development Limited is measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(ii) The amount due from an investee entity, Wealthy Star Development Limited, at 31 March 2007 of approximately HK$16,604,000 (2006: HK$13,164,000) is unsecured, interest-free and has no fixed terms of repayment. The directors consider that the carrying amount approximates its fair value.

24. ACCOUNTS RECEIVABLE

	Group 2007 HK$'000	Group 2006 HK$'000
Accounts receivable, with aged analysis		
0-90 days	45,153	55,673
91-180 days	276	743
181-365 days	70	651
Over 365 days	29,715	34,783
	75,214	91,850
Less: accumulated impairment	(27,333)	(28,712)
	47,881	63,138
Contract retention receivables		
Retentions held by contract customers	33,606	45,319
Less: accumulated impairment	(9,859)	(12,549)
	23,747	32,770
Less: contract retention receivables classified as non-current assets	(2,154)	(3,963)
Retentions held by contract customers included in accounts receivable under current assets	21,593	28,807
Amounts due from contract customers	25,883	22,608
Total accounts receivable as shown under current assets	95,357	114,553

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

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

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

	2007	**2006**
	HK$'000	*HK$'000*
Contract costs incurred plus recognized profits less recognized losses to date	844,087	416,749
Less: progress billings	(818,204)	(394,141)
Amounts due from contract customers	25,883	22,608

Included in the Group's accounts receivable at 31 March 2007 is amounts due from associates and a jointly-controlled entity of the Group amounted to approximately HK$6,087,000 (2006: HK$3,423,000) and HK$1,163,000 (2006: HK$5,363,000) respectively, which are unsecured, interest-free and payable on similar credit terms to those offered to other major customers of the Group. The receivables arose from the undertaking of construction contract works during the year.

The directors consider that the carrying amounts of the Group's accounts receivable approximate their fair values.

25. OTHER RECEIVABLES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Prepayments, deposits and other receivables	2,794	2,320
Amounts due from jointly-controlled entities	8,652	5,171
Amounts due from associates	11,078	1,600
Amounts due from minority shareholders	4,463	4,607
	26,987	13,698

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

The directors consider that the carrying amounts of the Group's other receivables approximate their fair values.

26. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits at 31 March 2007 were mainly denominated in Hong Kong dollars and United States dollars and carried interest at prevailing market rate.

The directors consider that the carrying amounts of the Group's pledged bank deposits and bank balances and cash approximate their fair values.

27. ACCOUNTS PAYABLE

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Accounts payable, with aged analysis		
0-90 days	32,515	36,806
91-180 days	3,646	5,596
181-365 days	4,746	8,050
Over 365 days	20,820	24,450
	61,727	74,902
Amounts due to contract customers	11,856	26,019
Total accounts payable as shown under current liabilities	73,583	100,921

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

	2007	**2006**
	HK$'000	*HK$'000*
Contract costs incurred plus recognized profits less recognized losses to date	308,331	430,520
Less: progress billings	(320,187)	(456,539)
Amounts due to contract customers	(11,856)	(26,019)

The directors consider that the carrying amounts of the Group's accounts payable approximate their fair values.

28. OTHER PAYABLES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Other payables and accruals	4,278	4,957
Amounts due to jointly-controlled entities	2,592	7,808
Amounts due to minority shareholders	1,041	1,043
	7,911	13,808

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

The directors consider that the carrying amounts of the Group's other payables approximate their fair values.

29. BANK BORROWINGS, SECURED

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Mortgage loan	3,504	4,305
Term loan	–	1,620
Trust receipt loans	–	13,116
Bank overdrafts	–	64
	3,504	19,105
Carrying amount repayable:		
On demand or within one year	846	15,602
More than one year, but not exceeding two years	848	801
More than two years, but not more than five years	1,810	2,405
More than five years	–	297
	3,504	19,105
Less: Amounts due within one year shown under current liabilities	(846)	(15,602)
	2,658	3,503

The mortgage loan at 31 March 2007 is denominated in Hong Kong dollars and its weighted average effective interest rate is 6.41% per annum.

At 31 March 2006, all bank borrowings were denominated in Hong Kong dollars. The weighted average effective interest rate on mortgage loan and term loan were 6.25% per annum and 8.07% per annum, respectively. The trust receipt loans and bank overdrafts carried interest at the prevailing market rates.

At 31 March 2006 and 2007, the Group's bank borrowings and banking facilities were supported by the following:

(i) legal charges over the Group's leasehold land and buildings situated in Hong Kong, with carrying value of approximately HK$10,675,000 (2006: HK$10,392,000);

(ii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK$4,800,000 (2006: HK$4,400,000);

(iii) pledged deposits of approximately HK$16,675,000 (2006: HK$20,944,000) of the Group;

(iv) corporate guarantees to the extent of approximately HK$42.8 million (2006: HK$52.1 million) in aggregate executed by the Company in respect of banking facilities granted to certain subsidiaries of the Company; and

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

The directors consider that the carrying amounts of the Group's bank borrowings approximate their fair values.

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

30. DEFERRED TAX

The following are the major deferred tax balances recognized and movements thereon during the current and prior year:

Deferred tax liabilities

	Accelerated tax depreciation	**Revaluation of assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2005	252	1,551	1,803
Credit to consolidated income statement for the year *(note 10)*	(392)	–	(392)
Charge to equity for the year	–	221	221
At 31 March 2006	(140)	1,772	1,632
Charge to consolidated income statement for the year *(note 10)*	140	–	140
Charge to equity for the year	–	1,040	1,040
At 31 March 2007	–	2,812	2,812

Deferred tax assets

	Tax losses	Decelerated tax depreciation	Revaluation of assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	1,815	–	124	1,939
Charge to consolidated income statement for the year *(note 10)*	(804)	–	–	(804)
At 31 March 2006	1,011	–	124	1,135
Credit/(charge) to consolidated income statement for the year *(note 10)*	(403)	356	–	(47)
At 31 March 2007	608	356	124	1,088

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

	2007	**2006**
	HK$'000	*HK$'000*
Deferred tax liabilities	1,828	609
Deferred tax assets	(104)	(112)
	1,724	497

At the balance sheet date, the Group has unused tax losses of HK$40,091,000 (2006: $124,624,000) available for offset against future profits. A deferred tax asset has been recognized in respect of approximately HK$3,474,000 (2006: HK$7,639,000) of such losses. No deferred tax asset has been recognized in respect of the remaining HK$36,617,000 (2006: $116,985,000) due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

31. 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 a convertible note (the "Convertible Note") with an aggregate principal amount of HK$11,500,000. The Convertible Note was interest bearing at the rate of 1% per annum on the outstanding principal amount of the Convertible Note from its date of issue to the maturity date, which was eighteen calendar months after its date of issue (the "Maturity Date"). The Convertible Note may be converted at the option of the Subscriber at a conversion price of HK$0.20 per ordinary share at any time after its date of issue and up to the Maturity Date. Completion of the Note Subscription Agreement took place in June 2004.

During the year ended 31 March 2006, the Convertible Note was converted in full by the Subscriber at a conversion price of HK$0.20 per share and accordingly, 57,500,000 new shares of HK$0.10 each in the capital of the Company were issued to the Subscriber. All shares issued upon conversion ranked pari passu in all respects with the then existing shares of the Company.

The Convertible Note contained two components, liability and equity element. The equity element is presented in equity heading "Convertible loan note equity reserve". The effective interest rate of the liability component was 5.13% per annum.

	Group and Company	
	2007	**2006**
	HK$'000	*HK$'000*
Liability component at date of issue/beginning of the year	–	11,218
Interest charged *(note 9)*	–	68
Interest paid	–	(14)
Conversion of Convertible Note	–	(11,272)
Liability component at end of the year	–	–

32. SHARE CAPITAL

	Notes	**Number of shares**	**Share capital**
			HK$'000
Authorized			
At 1 April 2005 and 2006			
Ordinary shares of HK$0.1 each		1,000,000,000	100,000
Share consolidation	*(b)*	(900,000,000)	–
At 31 March 2007			
Ordinary shares of HK$1 each		100,000,000	100,000
Issued and fully paid			
At 1 April 2005			
Ordinary shares of HK$0.1 each		287,500,000	28,750
Issue of shares upon conversion of Convertible Note *(note 31)*		57,500,000	5,750
Issue of shares for acquisition of additional interest in a subsidiary *(note 35(i))*	*(a)*	17,000,000	1,700
At 31 March 2006 and 1 April 2006			
Ordinary shares of HK$0.1 each		362,000,000	36,200
Share consolidation	*(b)*	(325,800,000)	–
Rights issue	*(c)*	18,100,000	18,100
At 31 March 2007			
Ordinary shares of HK$1 each		54,300,000	54,300

Notes:

(a) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at a warrant issue price of HK$0.20 per warrant as part of the purchase consideration for acquisition of additional interest in a subsidiary (note 35(i)). The warrants were issued to Complete Success Limited in registered form and constituted by a warrant instrument, and rank pari passu in all respects among themselves. Each warrant carries the right to subscribe for one share of HK$1.00 each in the capital of the Company at an adjusted subscription price of HK$2.64 per share. The exercise in full of the outstanding warrants would, with the capital structure of the Company at 31 March 2007, result in the issue of additional 5,681,818 shares of HK$1.00 each in the capital of the Company.

(b) Pursuant to the resolutions passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, every 10 existing ordinary shares of HK$0.10 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK$1.00 ("Consolidated Share").

(c) In June 2006, the Company completed a rights issue by issuing 18,100,000 shares of HK$1.00 each at the subscription price of HK$1.00 per share.

33. SHARE OPTION SCHEME

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

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

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

12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, are subject to prior shareholders' approval in a general meeting.

The offer of a grant of share options shall be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

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

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

The Company has not granted any share options during the year ended 31 March 2007 (2006: Nil). At 31 March 2007, there were no outstanding share options.

34. RESERVES

Company

	Share premium	Contributed surplus	Warrant reserve	Convertible loan note equity reserve	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	166,405	51,562	–	672	(139,205)	79,434
Profit for the year	–	–	–	–	6,159	6,159
Issue of shares upon conversion of Convertible Note	6,194	–	–	(672)	–	5,522
Acquisition of additional interest in a subsidiary						
– Issue of Consideration Shares	1,700	–	–	–	–	1,700
– Issue of warrants	–	–	1,000	–	–	1,000
Capital Reduction	(138,808)	–	–	–	138,808	–
At 31 March 2006	35,491	51,562	1,000	–	5,762	93,815
Profit for the year	–	–	–	–	8,011	8,011
At 31 March 2007	35,491	51,562	1,000	–	13,773	101,826

The contributed surplus of the Company arose as a result of the Group reorganization scheme 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.

On 27 June 2005, the Company announced that it proposed to effect a capital reduction by eliminating approximately HK$138,808,000 standing to the credit of the Company's share premium account (the "Capital Reduction"). The credit arising from the Capital Reduction would be applied to set off against the accumulated losses of the Company at 31 March 2005. The Capital Reduction was approved by the shareholders of the Company at a special general meeting held on 25 August 2005 and became effective on the same date.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

On 27 June 2005, the Company announced that Wing Hing Group (BVI) Limited ("Wing Hing BVI"), a wholly-owned subsidiary of the Company, had entered into an acquisition agreement dated 21 June 2005 (the "Acquisition Agreement") with Complete Success Limited. Pursuant to the Acquisition Agreement, Wing Hing BVI agreed to acquire from Complete Success Limited four shares of HK$1.00 each in the capital of CSP (HK) Limited ("CSP"), representing 40% of the entire issued share capital of CSP, and the shareholder's loan of HK$14,063,184.68 owed by CSP to Complete Success Limited, at an aggregate consideration of HK$14,063,188.68.

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

The aggregate consideration has been satisfied as to:

(a) HK$3,400,000 by Wing Hing BVI procuring the Company to allot and issue 17,000,000 new shares of HK$0.10 each in the capital of the Company ("Consideration Shares") to Complete Success Limited, credited as fully paid, at a price of HK$0.20 per Consideration Share;

(b) HK$1,000,000 by Wing Hing BVI procuring the Company to issue 50,000,000 unlisted warrants of the Company to Complete Success at a warrant issue price of HK$0.02 per warrant;

(c) HK$4,946,207.55 by Wing Hing BVI paying in cash to Complete Success; and

(d) HK$4,716,981.13 by Wing Hing BVI paying in cash to Veolia Water (Zhuhai) Wastewater Treatment Company Limited ("Veolia Water (Zhuhai)" – a jointly-controlled entity of the Group) to settle the loan of HK$4,716,981 owed by Complete Success Limited to Veolia Water (Zhuhai).

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

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

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

(ii) Disposal of subsidiaries

	2007	2006
	HK$'000	*HK$'000*
Net assets/(liabilities) disposed of:		
Property, plant and equipment	632	–
Accounts receivable	16,026	–
Other receivables	219	–
Bank balances and cash	13,916	–
Accounts payable	(16,337)	–
Other payables and accruals	(201)	–
Amounts due to associates	(10,009)	–
Amounts due to minority shareholders	(2)	–
Tax liabilities	(1,156)	–
Minority interests	(3,382)	–
	(294)	–
Attributable goodwill	365	–
Release of assets revaluation reserves	(78)	–
	(7)	–
Gain on disposal of subsidiaries	3,843	–
	3,836	–
Satisfied by:		
Interest in associates	3,929	–
Cash consideration paid for acquisition of new shares of an associate *(note 20(ii))*	(93)	–
	3,836	–

Net cash outflow arising on disposal:

	2007	2006
	HK$'000	*HK$'000*
Cash consideration paid for acquisition of new shares of an associate	93	–
Bank balances and cash disposed of	13,916	–
	14,009	–

36. 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:

	2007	2006
	HK$'000	*HK$'000*
Within one year	28	391

The Group as lessor

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

	2007	2006
	HK$'000	*HK$'000*
Within one year	–	9

37. CONTINGENT LIABILITIES

(i) At 31 March 2007, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK$54,138,000 (2006: HK$22,125,000). In addition, at 31 March 2007, the Company had executed guarantees in favor of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China-Harbour-CWF Joint Venture, with original contract sum of approximately HK$84,938,000 (2006: HK$85,392,000). China Harbour-CWF Joint Venture is jointly-controlled by China Harbour Engineering Company Limited, an independent third party, and CWF Piling & Civil Engineering Co., Ltd., a wholly-owned subsidiary of the Company.

At 31 March 2007, the Company had executed guarantees for approximately HK$36,000,000 and HK$44,100,000 in respect of the general banking facilities granted to CHEC-CWF Limited (a jointly-controlled entity in which the Group has 30% equity interests) and King Fine Development Limited (an associate in which the Group has 35% equity interests), respectively.

At 31 March 2007, the Company had executed guarantees for approximately HK$73,760,000 in respect of the general banking facilities granted to Wealthy Star Development Limited (an investee entity in which the Group has 8% equity interest).

(ii) At 31 March 2007, certain subsidiaries of the Company had provided undertakings of financial support to certain of the Group's jointly-controlled entities in proportion to their equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due. The Group's share of the net deficiency in assets of these jointly-controlled entities at 31 March 2007 in the amount of approximately HK$14,372,000 (2006: HK$590,000) has already been accounted for in presenting these financial statements.

(iii) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to 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.

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

(v) The Group was previously engaged in early 2000 in the undertaking of a piling work contract. In 2001, the Group made a claim against the main contractor of HK$7 million for variation orders in addition to the original contract sum. In prior years, the main contractor submitted a counterclaim of HK$44 million for additional costs incurred due to wrongful repudiation of the subcontract. Having considered the legal counsel's advice, the directors are of the opinion that the Group has a good chance of defending the counterclaim. Accordingly, the directors consider that a provision for the counterclaim is not necessary.

(vi) A number of claims have been brought against the Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The directors believe that any liabilities of the Group in respect of such claims will be covered either by the Group's insurance policies, or that the Group has a meritorious defense against such claims. Accordingly, the directors do not believe that these claims will have any material adverse impact on the Group and, therefore no provisions have been made in respect thereof.

38. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees. During the year under review, the total amount contributed by the Group to the scheme and charged to the consolidated income statement amounted to approximately HK$3,035,000 (2006: HK$1,875,000). At 31 March 2007, there were no forfeited contributions available for the Group to offset contributions payable in future years (2006: Nil).

39. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, during the year, the Group entered into the following significant related party transactions:

	Notes	2007 HK$'000	2006 HK$'000
Service fee income from jointly-controlled entities	(i)	(40,366)	(9,630)
Service fee income from associates	(i)	(371)	(125)
Sales of materials to a jointly-controlled entity	(ii)	(12,123)	(12,406)
Purchases of finished goods from a jointly-controlled entity	(ii)	18,473	18,505
Subcontracting fee paid to a jointly-controlled entity	(iii)	–	6,849
Contract sum received and receivable from jointly-controlled entities	(iv)	(304)	(3,473)
Contract sum received and receivable from an associate	(iv)	(685)	–

Notes:

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

(ii) The directors consider that the sales of materials and purchases 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.

40. SUBSEQUENT EVENTS

Issue 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 may be converted 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.

3. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the unaudited financial statements of the Group together with accompanying notes as extracted from the interim report of the Company for the six months ended 30 September 2007.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2007

		Six months ended 30 September	
		2007	**2006**
		(Unaudited)	(Unaudited)
	Notes	*HK$'000*	*HK$'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	89,791	18,982	62,812	2,952	174,537
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	89,791	20,638	44,654	2,941	158,024

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	**2006**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'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	**2006**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'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 (Unaudited) *HK$'000*	Six months ended 30 September 2006 (Unaudited) *HK$'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

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

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*
Authorized:		
At 31 March 2007 and at 30 September 2007		
Ordinary shares of HK$1 each	100,000,000	100,000
Issued and fully paid:		
At 31 March 2007 and at 30 September 2007		
Ordinary shares of HK$1 each	54,300,000	54,300

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

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	175,911	20,021	1,653	34,281	17,750	(22,638)	226,978

Inter-segment sales are charged at prevailing market rates.

	Superstructure construction works *HK$'000*	Foundation piling, substructure works and slope improvement works *HK$'000*	Special construction projects *HK$'000*	Interior decoration and landscaping works *HK$'000*	Corporate and others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
RESULT							
Segment result	7,075	32,303	(1,984)	7,871	9,216	(8,345)	46,136
Unallocated income							500
Unallocated corporate expenses							(39,587)
Share of losses/(profits) of							
– associates							(322)
– jointly-controlled entities							1,122
Finance costs							(500)
Profit before tax							7,349
Income tax expense							(511)
Profit for the period							6,838

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.

4. INDEBTEDNESS

Borrowings

As at the close of business on 31 December 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no secured interest-bearing bank borrowings.

As at 31 December 2007, the Group's banking facilities were supported by the following:

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

- Pledged deposits of approximately HK$22,452,000 of the Group.

As at 31 December 2007, the Target Group had total indebtedness of approximately HK$90,020,492, representing amount due to the Vendor which is unsecured, interest-free and repayable on demand.

Contingent liabilities

As at 31 December 2007, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK$24,811,000. In addition to the above, as at 31 December 2007, the Company had executed guarantees in favor of contract customers in respect of the performance of obligation under contracts by a jointly-controlled entity, China Harbour-CWF Joint Venture, with contract sum of approximately HK$84,938,000

As at 31 December 2007, the Group had executed guarantees for HK$44,100,000 and HK$36,000,000 in respect of the general banking facilities granted to the Group's associate and jointly-controlled entity, respectively.

As at 31 December 2007, the Group had executed a guarantee for HK$73,760,000 in respect of the general banking facilities granted to Wealthy Star Development Limited, an investee entity in which the Group has 8% equity interests.

The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK$2,700,000 as at 31 December 2007. The contingent liability has arisen because, at 31 December 2007, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. No provision has been recognised in the financial statements of the Group in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

As at the close of business on 31 December 2007, the Group was involved in various lawsuits and claims arising in the normal course of its business from which contingent liabilities might arise, a summary of which is set out in the paragraph headed "Litigation" in Appendix VI to this circular.

Disclaimer

Save as referred to in this section and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 December 2007, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchases contracts or finance leases, guarantees, or other material contingent liabilities.

5. WORKING CAPITAL

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

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

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

22 February 2008

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

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Farrell Global Limited (the "Target") and its subsidiaries (collectively referred to as the "Target Group") for the period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007 (the "Relevant Period"), for inclusion in the circular (the "Circular") dated 22 February 2008 issued by Wing Hing International (Holdings) Limited (the "Company") in connection with the proposed acquisition of the Sale Share and the Sale Loan (as defined in the Circular) by CWS International Trading Limited, a wholly owned subsidiary of the Company, as contemplated under the conditional sale and purchase agreement dated 10 January 2008 from Ms. Liu Pui Lan (the "Vendor").

The Target is a limited liability company incorporated in the British Virgin Islands on 17 August 2007 and wholly owned by the Vendor. As at the date of this report, the Target has an authorized share capital of 50,000 shares of no par value, of which 1 share was issued at US$1 for cash to provide the initial capital of the Target. The principal activity of the Target is investment holding and the Target acquired the entire issued share capital of Asia Biodiesel and Renewable Energy (Mongolia) Company Limited from the Vendor at a consideration of HK$1 on 15 September 2007.

As at the date of this report, particulars of the Target's subsidiaries are as follows:

Name	Legal form, place and date of incorporation/ establishment	Particulars of issued/registered capital	Proportion of nominal value of issued/registered capital held by the Target	Principal activities
Asia Biodiesel and Renewable Energy (Mongolia) Company Limited (the "HK Subsidiary")	Limited liability company incorporated in Hong Kong on 11 January 2007	Issued and paid up ordinary share capital of HK$1	100% (direct)	Investment holding
內蒙古蒙威生物油環保制品有限公司 (transliterated as Inner Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited) (the "PRC Subsidiary")	Sino-foreign cooperative joint-venture enterprise established in the People's Republic of China ("PRC") on 30 October 2007 with an operational term of 30 years	Registered capital of US$29,950,000 (of which US$25,017,500 has been contributed as of 31 December 2007)	55% (indirect)	Development and management of a series of sophora products and development and management of biological vegetable oil, including sunflower oil, in the PRC

No audited financial statements have been prepared for the Target since its date of incorporation because it is incorporated in a jurisdiction where there is no statutory audit requirement. No audited financial statements have been prepared for the HK Subsidiary since its date of incorporation because it is newly incorporated. The statutory financial statements of the PRC subsidiary for the period from 30 October 2007 (its date of establishment) to 31 December 2007 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, and were audited by 呼和浩特市新天瑞會計師事務所 (transliterated as Huhehaote-shi Xin Tian Rui Certified Public Accountants), certified public accountants registered in the PRC.

As a basis for forming an opinion on the Financial Information for the purpose of this report, the directors of the Target have prepared consolidated management accounts of the Target Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustment to the Underlying Financial Statements was considered by us to be necessary in preparing our report for inclusion in the Circular.

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

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the results and cash flows of the Target Group for the Relevant Period, and of the state of affairs of the Target and of the Target Group as at 31 December 2007.

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial information has been prepared under the historical cost basis as explained in the accounting policies set out below.

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

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

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

1. Effective for annual periods beginning on or after 1 January 2009.
2. Effective for annual periods beginning on or after 1 January 2008.
3. Effective for annual periods beginning on or after 1 July 2008.

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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

Foreign currencies

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

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

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

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

Taxation

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

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

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

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

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

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

Financial instruments

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

Financial assets

The Target Group's financial assets are classified as loans and receivables.

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

Financial liabilities and equity

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

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

Other financial liabilities

Other financial liabilities (including other payables and amounts due to the Vendor) are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

2. Financial risk management

2.1 Financial risk factors

The Target Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Target Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Target Group's financial performance.

(a) Market risks

(i) Foreign exchange risk

The directors of the Target consider that the Target Group is not exposed to significant foreign exchange risk.

(ii) Price risk

The directors of the Target consider that the Target Group is not exposed to significant price risk.

(b) Cash flow and fair value interest rate risk

As the Target Group has no significant interest-bearing assets, the Target Group's income and operating cash flows are substantially independent of changes in market interest rates.

(c) Credit risk

The Target Group has no significant credit risk, including risk resulting from counterparty default and risk of concentration. The Target Group has policies in place for the control and monitoring of such credit risk.

(d) Liquidity risk

The liquidity of the Target Group is managed and monitored by maintaining sufficient cash balances. The directors of the Target consider that the Target Group does not have significant liquidity risk.

Fair value estimation

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

2.2 Capital risk management

The primary objective of the Target Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Group sets the amount of capital in proportion to risk. The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates and assumptions used in these financial statements that the directors of the Target expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

II. FINANCIAL INFORMATION

1. Consolidated income statement

	Notes	**Period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007** *HK$*
Revenue	*(a)*	–
Administrative and operating expenses		(112,256)
Loss before tax		(112,256)
Income tax expense	*(b)*	–
Loss for the period	*(c)*	(112,256)
Attributable to:		
Equity holders of the Target		(73,958)
Minority interests		(38,298)
		(112,256)

(a) Revenue and segment information

The Target Group did not generate any revenue for the Relevant Period.

No business segment information has been presented as the Target Group intends to solely engage in the development and management of a series of sophora products and development and management of biological vegetable oil, including sunflower oil, in the PRC.

No geographical segment information has been presented as over 90% of the Target Group's assets are located in the PRC.

(b) Income tax expense

No provision for Hong Kong profits tax has been made as the companies comprising the Target Group did not generate any taxable profit in Hong Kong for the period ended 31 December 2007.

No provision for PRC Enterprise Income Tax has been made as the PRC Subsidiary did not generate any taxable profit in the PRC for the period ended 31 December 2007.

As at 31 December 2007, the Target Group did not have any material unprovided deferred tax.

(c) Loss for the period

Loss for the period has been arrived at after charging:

	Period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007
	HK$
Auditors' remuneration	–
Employee benefit expenses:	
– Directors' remuneration	–
– Other staff costs	–
Compensation to key management personnel	–

(d) Loss per share

Loss per share has not been presented as such information is not considered meaningful for the purpose of this report.

2. Balance sheets

	Notes	The Target As at 31 December 2007 HK$	The Target Group As at 31 December 2007 HK$
Non-current assets			
Investment in a subsidiary	*(e)*	1	–
Prepaid lease payments	*(f)*	–	194,284,840
		1	194,284,840
Current assets			
Amount due from a subsidiary	*(e)*	90,012,000	–
Bank balances	*(g)*	–	4,690
		90,012,000	4,690
Current liabilities			
Other payables	*(h)*	19,500	19,500
Amounts due to the Vendor	*(i)*	90,011,993	90,020,492
		90,031,493	90,039,992
Net current liabilities		(19,493)	(90,035,302)
Total assets less current liabilities		(19,492)	104,249,538
Net assets/(liabilities)		(19,492)	104,249,538
Capital and reserves			
Share capital	*(j)*	8	8
Reserves		(19,500)	(836,672)
Equity attributable to the equity holders of the Target		(19,492)	(836,664)
Minority interests		–	105,086,202
Total equity		(19,492)	104,249,538

(e) Investment in and amount due from a subsidiary

The Target	**As at 31 December 2007** *HK$*
Unlisted share, at cost	1

The amount due from a subsidiary is unsecured, interest-free and has no fixed term of repayment. The directors of the Target consider that the carrying amount of the amount from a subsidiary approximates its fair value.

(f) Prepaid lease payments

	As at 31 December 2007 *HK$*
Land in the PRC, at cost	194,284,840

The minority equity holder of the PRC Subsidiary, 內蒙古苦豆籽投資有限公司 (transliterated as Inner Mongolia Sophora Investment Company Limited), contributed to the registered capital of the PRC Subsidiary by injection of land use rights to two pieces of land in the PRC at a value of US$13,477,500 which was agreed between the relevant parties.

Pursuant to the land use rights transfer contract dated 31 December 2007, the PRC Subsidiary paid an amount of Renminbi ("RMB") 84,154,000 for acquisition of land use rights to a piece of land in the PRC from the minority equity holder of the PRC Subsidiary, Inner Mongolia Sophora Investment Company Limited.

On 10 January 2008, Inner Mongolia Sophora Investment Company Limited and the PRC Subsidiary made an application to the relevant PRC government authority for the transfer of the land use rights to the aforesaid land from Inner Mongolia Sophora Investment Company Limited to the PRC Subsidiary. The PRC legal advisor of the Company opined that there were no legal impediments for the PRC Subsidiary to obtain the land use right certificates in relation to the aforesaid land. As at 31 December 2007, the remaining lease terms of the aforesaid land were 42 years.

(g) Bank balances

As at 31 December 2007, the Target Group had bank balances denominated in RMB of approximately HK$3,840. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government. The directors of the Target consider that the carrying amounts of bank balances approximate their fair values.

(h) Other payables

The directors of the Target consider that the carrying amounts of other payables approximate their fair values.

(i) Amounts due to the Vendor

The amounts due to the Vendor are unsecured, interest-free and have no fixed term of repayment. The directors of the Target consider that the carrying amounts of the amounts due to the Vendor approximate their fair values.

(j) Share capital

	As at 31 December 2007 *HK$*
Issued and fully paid:	
1 share of no par value	8

The Target was incorporated in the British Virgin Islands on 17 August 2007 with an authorized share capital of 50,000 shares of no par value, of which 1 share was issued at US$1 for cash to provide the initial capital of the Target.

(k) Commitment and contingent liabilities

	As at 31 December 2007 *HK$*
Capital contribution of US$4,932,500 to the registered capital of the PRC Subsidiary payable by the HK Subsidiary on or before 19 December 2009	38,473,500

As at 31 December 2007, the Target Group did not have any material contingent liabilities.

3. Consolidated statement of changes in equity

	Attributable to equity holders of the Target					
	Share capital	**Accumulated loss**	**Translation reserve**	**Total**	**Minority interests**	**Total equity**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Exchange differences arising on translation of foreign operations recognized directly in equity	–	–	(762,714)	(762,714)	–	(762,714)
Loss for the period	–	(73,958)	–	(73,958)	(38,298)	(112,256)
Total recognized income and expenses for the period	–	(73,958)	(762,714)	(836,672)	(38,298)	(874,970)
Issue of ordinary share	8	–	–	8	–	8
Capital contribution from minority interests	–	–	–	–	105,124,500	105,124,500
At 31 December 2007	8	(73,958)	(762,714)	(836,664)	105,086,202	104,249,538

4. Consolidated cash flow statement

	Period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007
	HK$
Operating activities	
Loss before tax	(112,256)
Changes in working capital:	
Other payables	19,500
Net cash used in operating activities	(92,756)
Investing activities	
Acquisition of land use rights	(89,525,532)
Net cash used in investing activities	(89,525,532)
Financing activities	
Increase in amounts due to the Vendor	90,020,492
Proceeds from issue of ordinary share	8
Net cash generated by financing activities	90,020,500
Increase in cash and cash equivalents	402,212
Cash and cash equivalents at the beginning of the period	–
Effects of changes in foreign exchange rate	(397,522)
Cash and cash equivalents at the end of the period	4,690

(l) Major non-cash transaction

The minority equity holder of the PRC Subsidiary, Inner Mongolia Sophora Investment Company Limited, contributed to the registered capital of the PRC Subsidiary by injection of land use rights to two pieces of land in the PRC at a value of US$13,477,500 which was agreed between the relevant parties.

III. SUBSEQUENT EVENTS

Save as disclosed in the financial information, there were no significant events subsequent to 31 December 2007.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of any of the companies comprising the Target Group have been prepared in respect of any period subsequent to 31 December 2007.

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. INTRODUCTION

The unaudited pro forma financial information of the Enlarged Group, comprising the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated cash flow statement of the Enlarged Group (the "Pro Forma Financial Information"), has been prepared by the Directors to illustrate the effect of the Acquisition.

The Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix III, the financial information of the Target Group as set out in Appendix IV, and other financial information included elsewhere in this circular. The Pro Forma Financial Information does not take account of any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Enlarged Group included in the Pro Forma Financial Information.

2. PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated income statement of the Enlarged Group as if the Acquisition had been completed at the commencement of the period reported on (1 April 2006). The unaudited pro forma consolidated income statement has been prepared based on the audited consolidated income statement of the Group for the year ended 31 March 2007 as extracted from the Company's published annual report for the year ended 31 March 2007 (set out in Appendix III to this circular) and the audited consolidated income statement of the Target Group for the period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007 as extracted from the financial information of the Target Group (set out in Appendix IV to this circular), after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effect of the Acquisition.

The unaudited pro forma consolidated income statement has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the results of the Enlarged Group for any future periods.

	The Group Year ended 31 March 2007	**The Target Group Period ended 31 December 2007**	**Pro forma adjustments**		**Pro forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Audited)	(Audited)	(Unaudited)	*Notes*	(Unaudited)
Revenue	480,292	–	–		480,292
Cost of sales	(425,548)	–	–		(425,548)
Gross profit	54,744	–	–		54,744
Other income	43,829	–	–		43,829
Other gains and losses	5,713	–			5,713
Administrative and operating expenses	(68,816)	(112)	–		(68,928)
Share of losses of associates	(3,497)	–	–		(3,497)
Share of losses of jointly-controlled entities	(19,467)	–	–		(19,467)
Finance costs	(1,007)	–	(6,685)	2.1	(7,692)
Profit/(Loss) before tax	11,499	(112)	(6,685)		4,702
Income tax expense	(734)	–	1,170	2.1	436
Profit/(Loss) for the year/period	10,765	(112)	(5,515)		5,138

Notes to the unaudited pro forma consolidated income statement of the Enlarged Group:

2.1 The adjustment represents provision for notional interest expense of approximately HK$6,685,000 on the Promissory Note with a principal amount of HK$120,000,000 and the corresponding deferred tax effect calculated at the Hong Kong profits tax rate of 17.5% thereon, as if the Acquisition had been completed and the Promissory Note were issued by the Company at the commencement of the period reported on. The Promissory Note carries no interest and has a fixed term of five years from the date of issue of the Promissory Note. For the purpose of preparing the unaudited pro forma consolidated income statement, it has been assumed that the Promissory Note would carry an effective interest rate of 8.3% per annum. This adjustment is expected to have a continuing effect on the Enlarged Group.

3. PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated balance sheet of the Enlarged Group as if the Acquisition had been completed at the date reported on (31 March 2007). The unaudited pro forma consolidated balance sheet has been prepared based on the audited consolidated balance sheet of the Group as at 31 March 2007 as extracted from the Company's published annual report for the year ended 31 March 2007 (set out in Appendix III to this circular) and the audited consolidated balance sheet of the Target Group as at 31 December 2007 as extracted from the financial information of the Target Group (set out in Appendix IV to this circular), after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effect of the Acquisition.

The unaudited pro forma consolidated balance sheet has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group at any future date.

	The Group As at 31 March 2007	The Target Group As at 31 December 2007	Pro forma adjustments		Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Audited)	(Audited)	(Unaudited)	*Notes*	(Unaudited)
Non-current assets					
Property, plant and equipment	21,198	–	–		21,198
Prepaid lease payments	675	194,285	–		194,960
Investment property	4,800	–	–		4,800
Goodwill	1,943	–	161,816	*3.1*	163,759
Interests in associates	21,039	–	–		21,039
Interests in jointly-controlled entities	9,309	–	–		9,309
Available-for-sale investment	1	–	–		1
Amount due from an investee entity	16,604	–	–		16,604
Contract retention receivables	2,154	–	–		2,154
Deferred tax assets	104	–	–		104
	77,827	194,285	161,816		433,928
Current assets					
Accounts receivable	95,357	–	–		95,357
Other receivables	26,987	–	–		26,987
Pledged bank deposits	16,675	–	–		16,675
Bank balances and cash	33,742	5	(50,000)	*3.2*	(17,253)
			(1,000)	*3.2*	
	172,761	5	(51,000)		121,766
Current liabilities					
Accounts payable	73,583	–	–		73,583
Other payables	7,911	20	–		7,931
Bank borrowings, secured	846	–	–		846
Sale Loan	–	90,020	(90,020)	*3.2*	–
	82,340	90,040	(90,020)		82,360
Net current assets/(liabilities)	90,421	(90,035)	39,020		39,406
Total assets less current liabilities	168,248	104,250	200,836		473,334
Non-current liabilities					
Promissory Note	–	–	120,000	*3.2*	120,000
Deferred tax liabilities	1,828	–	–		1,828
Bank borrowings, secured	2,658	–	–		2,658
	4,486	–	120,000		124,486
NET ASSETS	163,762	104,250	80,836		348,848
CAPITAL AND RESERVES					
Share capital	54,300	–	14,700	*3.2*	69,000
Reserves	106,511	(836)	65,300	*3.2*	171,811
			836	*3.2*	
Equity attributable to the equity holders of the Company	160,811	(836)	80,836		240,811
Minority interests	2,951	105,086	–		108,037
Total equity	163,762	104,250	80,836		348,848

Notes to the unaudited pro forma consolidated balance sheet of the Enlarged Group:

3.1 The adjustments reflect the excess of the aggregate consideration under the Sale and Purchase Agreement of HK$250,000,000 and the estimated costs directly attributable to the Acquisition of approximately HK$1,000,000, over the adjusted consolidated net assets of the Target Group of approximately HK$89,184,000, as if the Acquisition had been completed at 31 March 2007. This excess is recognized as goodwill arising from the Acquisition on the unaudited pro forma consolidated balance sheet. For the purpose of preparing the unaudited pro forma consolidated balance sheet, the adjusted consolidated net assets of the Target Group of approximately HK$89,184,000 represents the net liabilities attributable to the equity holders of the Target of approximately HK$836,000 as at 31 December 2007 as adjusted to exclude the Sale Loan in the amount of approximately HK$90,020,000 as at 31 December 2007, and have been assumed to approximate the fair values of the assets, liabilities and contingent liabilities of the Target Group on Completion.

Since the actual fair values of the assets, liabilities and contingent liabilities of the Target Group and the actual fair values of the Consideration Shares and the Promissory Note on Completion may be different from their estimated fair values used in the preparation of the unaudited pro forma consolidated balance sheet presented above, the actual goodwill arising from the Acquisition may be different from the estimated amount shown in this Appendix.

3.2 The adjustments reflect:

(i) settlement of the aggregate consideration for the Sale Share and the Sale Loan of HK$250,000,000 under the Sale and Purchase Agreement in the following manner:

a. HK$80,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue 14,700,000 Consideration Shares of HK$1.00 each to the Vendor credited as fully paid, at the Issue Price of approximately HK$5.44 per Consideration Share on Completion;

b. HK$50,000,000 shall be payable in cash by the Purchaser to the Vendor on Completion; and

c. the balance of HK$120,000,000 shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note with a principal amount of HK$120,000,000 to the Vendor on Completion.

(ii) elimination of the share capital and pre-acquisition reserves of the Target Group as at 31 December 2007.

For the purpose of preparing the unaudited pro forma consolidated balance sheet, it has been assumed that the Issue Price of the Consideration Shares and the face value of the Promissory Note approximated their respective fair values. It has been further assumed that the cash element of the consideration of HK$50,000,000 and the estimated costs directly attributable to the Acquisition of approximately HK$1,000,000 were paid by the Group from internal resources of the Group on 31 March 2007, and the Consideration Shares and the Promissory Note were issued on 31 March 2007.

Since the actual dates of settlement of the consideration under the Sale and Purchase Agreement and the estimated costs directly attributable to the Acquisition will be different from the assumptions used in the preparation of the unaudited pro forma consolidated balance sheet presented above, the actual financial position arising from the Acquisition may be different from the financial position shown in this Appendix.

4. PRO FORMA CONSOLIDATED CASH FLOW STATEMENT OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated cash flow statement of the Enlarged Group as if the Acquisition had been completed at the commencement of the period reported on (1 April 2006). The unaudited pro forma consolidated cash flow statement has been prepared based on the audited consolidated cash flow statement of the Group for the year ended 31 March 2007 as extracted from the Company's published annual report for the year ended 31 March 2007 (set out in Appendix III to this circular) and the audited consolidated cash flow statement of the Target Group for the period from 17 August 2007 (date of incorporation of the Target) to 31 December 2007 as extracted from the financial information of the Target Group (set out in Appendix IV to this circular), after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effect of the Acquisition.

The unaudited pro forma consolidated cash flow statement has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the cash flows of the Enlarged Group for any future periods.

	The Group Year ended 31 March 2007 *HK$'000* (Audited)	The Target Group Period ended 31 December 2007 *HK$'000* (Audited)	Pro forma adjustments *HK$'000* (Unaudited)	*Notes*	Pro forma Enlarged Group *HK$'000* (Unaudited)
Operating activities					
Profit/(Loss) for the year/period	10,765	(112)	–		10,653
Adjustments for:					
Amortization of prepaid lease payments	17	–	–		17
Depreciation for property, plant and equipment	4,888	–	–		4,888
Gain on disposal of subsidiaries	(3,843)	–	–		(3,843)
Gain on fair value changes of an investment property	(400)	–	–		(400)
Loss on fair value changes of property, plant and equipment	11	–	–		11
Impairment loss recognized in respect of amounts due from contract customers	989	–	–		989
Impairment loss reversed in respect of amounts due from contract customers	(2,246)	–	–		(2,246)
Interest income	(785)	–	–		(785)
Loss on disposal of property, plant and equipment	165	–	–		165
Loss on disposal of a jointly-controlled entity	111	–	–		111
Write-back of long outstanding payables	(371)	–	–		(371)
Share of losses of associates	3,497	–	–		3,497
Share of losses of jointly-controlled entities	19,467	–	–		19,467
Finance costs	1,007	–	–		1,007
Income tax expense	734	–	–		734
Operating cash flows before movements in working capital	34,006	(112)	–		33,894
Accounts receivable	6,236	–	–		6,236
Balances with jointly-controlled entities	(3,523)	–	–		(3,523)
Balances with associates	(2,372)	–	–		(2,372)
Balances with minority shareholders	144	–	–		144
Prepayments, deposits and other receivables	(693)	–	–		(693)
Accounts payable	(10,630)	–	–		(10,630)
Other payables and accruals	(478)	20	–		(458)
Cash generated from operations	22,690	(92)	–		22,598
Interest paid	(1,007)	–	–		(1,007)
Hong Kong profits tax paid	(48)	–	–		(48)

	The Group Year ended 31 March 2007 HK$'000 (Audited)	The Target Group Period ended 31 December 2007 HK$'000 (Audited)	Pro forma adjustments HK$'000 (Unaudited)	Notes	Pro forma Enlarged Group HK$'000 (Unaudited)
Net cash generated by operating activities	21,635	(92)	–		21,543
Investing activities					
Payment of the cash element of the consideration under the Sale and Purchase Agreement and estimated costs directly attributable to the Acquisition	–	–	(50,000)	4.1	(51,000)
			(1,000)	4.1	
Interest received	785	–	–		785
Dividends received from jointly-controlled entities	3,560	–	–		3,560
Purchase of property, plant and equipment	(291)	–	–		(291)
Acquisition of land use rights	–	(89,526)	–		(89,526)
Disposal of subsidiaries	(14,009)	–	–		(14,009)
Amounts advanced to an investee entity	(3,440)	–	–		(3,440)
Proceeds from disposal of property, plant and equipment	269	–	–		269
Decrease in pledged bank deposits	4,269	–	–		4,269
Net cash used in investing activities	(8,857)	(89,526)	(51,000)		(149,383)
Financing activities					
Increase in Sale Loan	–	90,020	–		90,020
Proceeds from issue of ordinary shares	18,100	–	–		18,100
Repayment of bank borrowings	(801)	–	–		(801)
Proceeds from new trust receipts loans	24,363	–	–		24,363
Repayment of trust receipts loans	(37,479)	–	–		(37,479)
Repayment of term loan	(1,620)	–	–		(1,620)
Net cash generated by financing activities	2,563	90,020	–		92,583
Net increase/(decrease) in cash and cash equivalents	15,341	402	(51,000)		(35,257)
Cash and cash equivalents brought forward	18,401	–	–		18,401
Effect of changes in foreign exchange rates	–	(397)	–		(397)
Cash and cash equivalents carried forward	33,742	5	(51,000)		(17,253)

Notes to the unaudited pro forma consolidated cash flow statement of the Enlarged Group:

4.1 The adjustments reflect the cash flow effect from the Acquisition as if the Acquisition had been completed at the commencement of the period reported on. The net cash outflow represents payment of the cash element of the consideration of HK$50,000,000 under the Sale and Purchase Agreement and the estimated costs directly attributable to the Acquisition of approximately HK$1,000,000. This adjustment is not expected to have a continuing effect on the Enlarged Group.

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

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

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

22 February 2008

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

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

INTRODUCTION

We report on the unaudited pro forma financial information of Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group"), and Farrell Global Limited (the "Target") and its subsidiaries (collectively, the "Target Group") (hereinafter collectively referred to as the "Enlarged Group"), comprising the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated cash flow statement of the Enlarged Group (the "Pro Forma Financial Information"), as set out in Section A entitled "Unaudited Pro Forma Financial Information of the Enlarged Group" in Appendix V of the Company's circular dated 22 February 2008 (the "Circular"). The Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Acquisition (as defined in the Circular) might have affected the financial information presented in the Circular. The basis of preparation of the Pro Forma Financial Information is set out in Section A of Appendix V of the Circular.

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

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

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

Basis of opinion

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

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

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

- the Enlarged Group had the Acquisition actually completed at the dates indicated therein; or

- the Enlarged Group at any future date or for any future periods.

Opinion

In our opinion:

a. the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

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

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Authorised		*HK$*
100,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid		
54,300,000	Shares in issue as at the Latest Practicable Date	54,300,000
14,700,000	Consideration Shares to be allotted and issued upon Completion	14,700,000
5,681,818	Shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the 5,681,818 warrants *(Note)*	5,681,818
84,681,818	Shares	84,681,818

Note: 5,681,818 warrants issued by the Company, each entitling its holder to subscriber for one Share. For details in relation to such warrants, please refer to the announcement of the Company dated 27 June 2005 and the circular of the Company dated 29 July 2005.

3. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

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

L: Long Position

Note:

The 10,772,700 Shares was registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Chan Mo Yan, deceased, as to approximately 46.46% by Ng Tat Leung, George, the chairman of the Company and the managing Director, and as to approximately 7.08% by Wong Teck Ming, an executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

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

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group:

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

L: Long Position

Notes:

1. These Shares were registered in the name of Total Success Worldwide Limited. The issued share capital of Total Success Worldwide Limited is owned as to approximately 46.46% by Chan Mo Yan, deceased, as to approximately 46.46% by Ng Tat Leung, George, the chairman of the Company and the managing Director, and as to approximately 7.08% by Wong Teck Ming, an executive Director.

2. The entire issued share capital of Grand Legend Limited is owned by Lo Chun Yang. Loh Siu Yin, Lulu is the spouse of Lo Chun Yang.

3. The entire issued share capital of Complete Success Limited is owned by Li Dan Dan. Complete Success Limited currently holds 5,681,818 warrants of the Company, upon the exercise of which 5,681,818 Shares are to be issued.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

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

(i) the underwriting agreement dated 21 March 2006 and entered into between the Company and Sino Portal Group Limited in relation to the rights issue in proportion of one rights share for every two consolidated ordinary shares of HK$1.00 each in the share capital of the Company;

(ii) the two subscription agreements both dated 13 July 2006 and entered into between W. Hing Construction Company Limited and Design Landscapes International (HK) Company Limited and between Keith Jeferey Dodd and Design Landscapes International (HK) Company Limited respectively. Pursuant to the two subscription agreements, W. Hing Construction Company Limited and Keith Jeferey Dodd agreed to subscribe 42,711 and 67,511 new shares of HK$1.00 each of Design Landscapes International (HK) Company Limited at a consideration of HK$93,110 and HK$147,174 respectively. Upon completion of the said subscription agreements, the interests of W. Hing Construction Company Limited in Design Landscapes International (HK) Company Limited have deemed to reduce from 51% to 50%;

(iii) the sale and purchase agreement dated 18 October 2006 and entered into among Wing Hing Group (BVI) Limited, Skree Investments Limited and Li Zhimin pursuant to which Wing Hing Group (BVI) Limited agreed to sell and Skree Investments Limited agreed to acquire the entire issued share capital of Anpoint Engineering Limited at a consideration of HK$1.00;

(iv) the subscription agreement dated 7 May 2007 and entered into among the Company, Best Time International Limited and Liu Chi Wah, Jimmy in respect of the subscription of the convertible note with an aggregate principal amount of HK$15,000,000 by Best Time International Limited;

(v) the sale and purchase agreement dated 21 May 2007 and entered into between CWS International Trading Limited and Leung Pui Kwan in relation to the sale and purchase of the entire issued share capital of Charm Faith Group Limited at a consideration of HK$150,000,000; and

(vi) the Sale and Purchase Agreement.

5. DIRECTORS' SERVICE CONTRACTS

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

6. EXPERTS

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

Name	**Qualifications**
The Valuer	Professional valuer
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants

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

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

7. LITIGATION

(i) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to the completion of contract works as a result of the allegation of non-conforming piles. In the previous year, the contract customer demanded from the Group the retrenchment of HK$5 million of the contract fees received by the Group, as compensation for early termination of the contract works. In prior years, the contract customer was in the process of undergoing a court compulsory winding-up and the provisional liquidator of the contract customer requested payment of HK$8 million from the Group. Having considered legal counsel's advice, the Directors are of the opinion that the claim is unlikely to succeed. Accordingly, no provision has been made up to 31 March 2007.

(ii) The Group was previously engaged in early 2000 in the undertaking of a piling work contract. In 2001, the Group made a claim against the main contractor of HK$7 million for variation orders in addition to the original contract sum. In prior years, the main contractor submitted a counterclaim of HK$44 million for additional costs incurred due to wrongful repudiation of the subcontract. Having considered the legal counsel's advice, the Directors are of the opinion that the Group has a good chance of defending the counterclaim. Accordingly, the Directors consider that a provision for the counterclaim is not necessary.

(iii) A number of claims have been brought against the Group in respect of compensation for alleged personal injuries sustained by construction workers during the execution of contract works. The total amount of the litigation claims cannot be quantified. As most of the litigation claims are personal injury claims and some of them have not reached the stage in which the amount of the claim can be calculated. The Directors believe that any liabilities of the Group in respect of such claims will be covered either by the Group's insurance policies, or that the Group has a meritorious defense against such claims. Accordingly, the Directors do not believe that these claims will have any material adverse impact on the Group and, therefore no provisions have been made in respect thereof in the financial statements of the Group up to 31 March 2007.

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

8. MATERIAL ADVERSE CHANGE

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

9. COMPETING INTERESTS

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

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) As at the Latest Practicable Date, neither the Valuer, HLB Hodgson Impey Cheng nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited whose address is Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.

(d) Tricor Tengis Limited, the transfer office of the Company is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Chan Yuen Bik, Jane. Chan is a Fellow of the Hong Kong Institute of Company Secretaries in Hong Kong and a Fellow of the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(e) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Ngan Chi Keung, Mike.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including 10 March 2008 and at the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(c) the written consents of the experts referred to in the paragraph headed "Experts" in this Appendix;

(d) the valuation report on the PRC Subsidiary, the text of which is set out in Appendix I to this circular;

(e) the valuation report on the property interests of the Enlarged Group, the text of which is set out in Appendix II to this circular;

(f) the accountants' report on the Target Group prepared by HLB Hodgson Impey Cheng, the text of which is set out in Appendix IV to this circular;

(g) the accountants' report from HLB Hodgson Impey Cheng in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(h) the annual reports of the Company for each of the two financial years ended 31 March 2006 and 31 March 2007; and

(i) the interim report of the Company for the six months ended 30 September 2007.

WING HING INTERNATIONAL (HOLDINGS) LIMITED

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

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of Wing Hing International (Holdings) Limited (the "**Company**") will be held at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong on Monday, 10 March 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") (a copy of which has been produced to the SGM marked "A" and signed by the chairman of the SGM for the purpose of identification) dated 10 January 2008 and entered into between CWS International Trading Limited, a wholly owned subsidiary of the Company, as purchaser and Liu Pui Lan ("**Ms. Liu**") as vendor in relation to the sale and purchase of one share (the "**Share**") of US$1.00 in the share capital of Farrell Global Limited ("**Farrell Faith**") and the shareholder's loan owed by Farrell Faith to Ms. Liu at a total consideration of HK$250,000,000 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder; and

(c) the allotment and issue of an aggregate of an aggregate of 14,700,000 shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$1.00 each in the share capital of the Company credited as fully paid at an issue price of approximately HK$5.44 per Consideration Share to Ms. Liu in accordance with the Sale and Purchase Agreement be and is hereby approved."

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

Hong Kong, 22 February 2008

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

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

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.