



Interim Report 2009



MING HING WATERWORKS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 402

CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Other Information	9
Condensed Consolidated Income Statement	16
Condensed Consolidated statement of comprehensive income	17
Condensed consolidated statement of financial position	18
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Cash flow Statement	21
Notes to the Condensed Consolidated Financial Statements	22



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YUEN Chow Ming (*Chairman*)
Mr. YUEN Wai Keung
(*Deputy Chairman and
Chief Executive Officer*)
Mr. SO Yiu Cheung (*Deputy Chairman*)
Mr. CHEUNG Chi Man, Dennis

Independent Non-Executive Directors

Professor LEUNG Yee Tak
Mr. LIAO Cheung Tin, Stephen
Mr. WONG Lap Shek, Eddie
Mr. SUN Bo Quan
(Resigned on 1 April 2009)

AUTHORISED REPRESENTATIVES

Mr. YUEN Wai Keung
Mr. SO Yiu Cheung

COMPANY SECRETARY

Mr. CHEUNG Chi Man, Dennis

AUDIT COMMITTEE

Mr. WONG Lap Shek, Eddie (*Chairman*)
Professor LEUNG Yee Tak
Mr. LIAO Cheung Tin, Stephen

NOMINATION COMMITTEE

Mr. YUEN Wai Keung (*Chairman*)
Professor LEUNG Yee Tak
Mr. WONG Lap Shek, Eddie

REMUNERATION COMMITTEE

Mr. YUEN Wai Keung (*Chairman*)
Professor LEUNG Yee Tak
Mr. WONG Lap Shek, Eddie

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Units 1809-1812
Telford House
16 Wang Hoi Road
Kowloon Bay
Hong Kong

LEGAL ADVISERS

Cheng Wong Lam & Partners
50/F., Bank of China Tower
1 Garden Road
Central
Hong Kong

AUDITORS

Grant Thornton
Certified Public Accountants
6th Floor Nexus Building
41 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services
(Cayman) Limited
Butterfield House
68 Fort Street
P. O. Box 705
George Town
Grand Cayman
Cayman Islands

BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

402

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

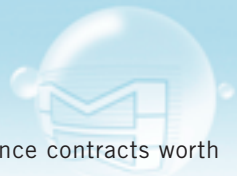
During the period under review, Ming Hing Waterworks Holdings Limited (the “**Company**”) remained an active bidder of government projects. Moreover, in ongoing efforts to diversify its business, the proportion of revenue of the Company together with its subsidiaries (collectively, the “**Group**”) from replacement and rehabilitation of water mains projects and landslip prevention works have increased, providing the Company with more stable income sources.

However, as two maintenance contracts were completed in 2008 and two newly awarded waterworks maintenance contracts from the Water Supplies Department (“**WSD**”) only started on 1 September 2009, the Group’s turnover for the period was down compared with the same period last year. Furthermore, profit margins for the period were hampered by increases in material and labour costs, hence the Group will step up efforts to control such expenses.

HONG KONG MARKET

The Hong Kong market remained the Group’s main revenue contributor, generating HK\$278.2 million during the period under review, and accounting for 99% of total turnover.

For the six months ended 30 September 2009, revenue from the Hong Kong market were mainly derived from 1) the term contract for waterworks District E – New Territories East (contract number: 1/WSD/06(E)); 2) replacement and rehabilitation of water mains, Stage 2, mains in Tai Po and Fanling (contract number: 21/WSD/06); and 3) replacement and rehabilitation of water mains, Stage 3 – mains in East Kowloon (package A) (contract number: 7/WSD/08) that was signed in February 2009.



In July 2009, the Group won two new waterworks maintenance contracts worth over HK\$700 million in total. Encompassing the entire New Territories, where more than half of Hong Kong's population resides, the first is a term contract for waterworks District E – New Territories East (contract number: 1/WSD/09(E)), and the second is a term contract for waterworks District W – New Territories West (contract number: 1/WSD/09(W)).

COST CONTROL MEASURES

To reduce material cost pressure on its profit margins, the Group implemented the Enterprise Resource Planning (ERP) system in mid-November to help improve procurement, order processing and inventory control.

THE PRC MARKET

The Group completed acquisition of a water treatment plant in Qingyuan, the PRC in the second half of 2008. With robust industrial development taking place close to the plant creating rising demand for water treatment services, and efforts to improve efficiency and better manage operating costs now underway, the water treatment facility is anticipated to contribute profits to the Group in the near future.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2009, the Group recorded revenue of HK\$278.5 million, representing a decrease of 28.1% against the last corresponding period (six months ended 30 September 2008: HK\$387.4 million). Loss attributable to owners of the Company was HK\$8.7 million (six months ended 30 September 2008: profit attributable to owners of the Company was HK\$4.1 million). This was mainly attributed to provision for impairment of prepaid investments in Guangdong Province of HK\$3.7 million and decreasing profit margin.

Basic loss per share was HK1.08 cents (six months ended 30 September 2008: basic earnings per share of HK0.44 cents).

REVENUE BREAKDOWN BY BUSINESS

During the period under review, revenue from maintenance contracts for waterworks was HK\$174.3 million (six months ended 30 September 2008: HK\$292.9 million), accounting for 62.6% of the Group's total revenue (six months ended 30 September 2008: 75.6%). Revenue from water mains replacement and rehabilitation projects increased to HK\$46.1 million (six months ended 30 September 2008: HK\$39.6 million), accounting for 16.6% of total revenue (six months ended 30 September 2008: 10.2%). Revenue from landslip prevention projects slightly decreased to HK\$22.4 million (six months ended 30 September 2008: HK\$22.5 million), accounting for 8.0% of total revenue (six months ended 30 September 2008: 5.8%).

GROSS PROFIT

Gross profit dropped by about 67.0% to HK\$12.2 million from HK\$36.9 million in the last corresponding period due to rising material and labour costs.

CAPITAL EXPENDITURE

During the period under review, the Group spent HK\$17.1 million on acquisition of properties, plants and equipment in Hong Kong and Mainland China (six months ended 30 September 2008: HK\$5.3 million). The Group's capital expenditure increased substantially due to the purchase of motor vehicles and machineries during the review period.

OPERATING EXPENSES

During the period under review, the Group's administrative expenses amounted to HK\$19.9 million (six months ended 30 September 2008: HK\$28.1 million). The amount mainly consisted of legal and professional fees, staff costs (including Directors' emoluments), impairment of prepayment for investments and depreciation expenses. The decrease in administrative expenses was mainly the result of effective control of staff costs and no more administration expense of Changsha water plant was charged in the review period as it was disposed on 31 December 2008.



LIQUIDITY & FINANCIAL RESOURCES

For the six months ended 30 September 2009, the Group's capital expenditure was approximately HK\$17.1 million. The amount was spent mainly due to the purchase of motor vehicles and machineries. Cash and cash equivalent and pledged bank deposits were HK\$81.5 million (as at 31 March 2009: HK\$96.1 million). Total borrowings as at the end of the review period were HK\$23.0 million (as at 31 March 2009: HK\$159.3 million) with certain bank loans repaid during the period. The Group is in a much stronger position, in terms of liquidity, as compared with last year. Its current ratio, being the ratio of current assets to current liabilities, was 6.23 times (31 March 2009: 2.61 times), and its gearing ratio, in terms of total liabilities to total assets, stood at 18.0% (31 March 2009: 37.5%). Improvement of both ratios was owed to faster collection of contract revenue from customers.

HUMAN RESOURCES

As at 30 September 2009, the Group had approximately 433 employees (as at 31 March 2009: 336 employees) and more than half of them were on permanent hire. Total staff costs, including Directors' emoluments, for the period under review amounted to HK\$38.6 million (six months ended 30 September 2008: HK\$51.7 million).

The Group remunerates employees according to their job nature and market trend and awards discretionary bonus to employees based on its operating results and individual performance. The Group also provides in-house and external training programmes complementary to certain job functions. The Directors believe offering competitive remunerations and career development opportunities to employees can encourage employees to seek personal development and contribute to the Group.

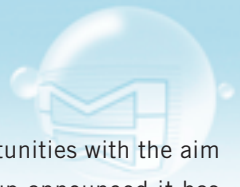
PROSPECTS

Since the Group obtained two new maintenance contracts in July 2009, in addition to other Water Mains Replacement and Rehabilitation Programme projects won earlier this year, better business performance is expected in the second half of the financial year.

With the Hong Kong government intensifying efforts to implement 10 large-scale infrastructure and water mains replacement and rehabilitation projects, and a new landslip prevention plan is set for launch in 2010, the Group sees ample business opportunities ahead. The Group will duly bid for related projects in the second half year.

Besides, in November 2009, the Group secured a Compact Pipe Installer Licence with “Wavin”, the sole global supplier of compact pipes. Since then, it has started to use the compact pipe method for pipe rehabilitation works in a water mains replacement and rehabilitation project (contract number: 7/WSD/08). This trenchless technique can minimise disruption to the public, traffic and the environment, and is more efficient and cost-effective. In the near future, the Group will continue to adopt advanced techniques to complete projects, in turn enable the Group to bid future projects in an advantageous position by leveraging its high level of expertise.

As waterworks maintenance contracts include providing upkeep services for treatment plants, here to present fresh prospects. In view of some treatment plants in Hong Kong failing to operate at their design capacity due to old age and fluctuation in raw water quality, the Group has been retrofitting clarifiers with inclined settler tube technology to enhance their performance. Based on experience gained from similar work completed in its water plant in Hunan, at the end of September 2009 the Group started to retrofit clarifiers at Sha Tin Treatment Works and expects to see at least a 20% increase in output with improved settling water quality. It is expected that this proven method and experience will bring more business opportunities to the Group in the Hong Kong market.



Furthermore, the Group is exploring other new business opportunities with the aim of broadening its income base. In November 2009, the Group announced it has entered into a memorandum of understanding (the “**MOU**”) with Grand Title Limited regarding a proposed acquisition of interests in five mining sites in Mongolia with coal, gold and copper deposits (Details of the MOU is set out in the announcement dated 13 November 2009).

With a solid foundation in the water service industry and confidence in seizing growth opportunities, the Group looks forward to maintaining business development and delivering satisfactory returns for shareholders in the coming years.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2009, the Directors had the following interests in the shares (the “**Shares**”) and underlying shares of the Company and its associated corporations which were recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (the “**SFO**”), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”):

(a) Long position in the ordinary shares of HK\$0.05 each of the Company

Name of Director	Notes	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. YUEN Chow Ming	1	Interest of controlled corporation	453,888,000	56.56%
Mr. YUEN Wai Keung	2	Interest of controlled corporation	453,888,000	56.56%
		Personal	5,704,000	0.71%
Mr. SO Yiu Cheung	3	Interest of controlled corporation	453,888,000	56.56%
		Personal	2,000,000	0.25%



Notes:

- (1) The 453,888,000 Shares are registered in the name of Robinhoods Development Limited (“**Robinhoods**”), of which Able Promise Holdings Limited (“**Able Promise**”) is entitled to exercise, or control the exercise of, one-third of the voting power at general meetings of the Company. Able Promise is wholly-owned by Mr. YUEN Chow Ming, who is therefore deemed to be interested in these Shares under the SFO.
- (2) The 453,888,000 Shares are registered in the name of Robinhoods, of which Foremost Time Holdings Limited (“**Foremost Time**”) is entitled to exercise, or control the exercise of, one-third of the voting power at general meetings of the Company. Foremost Time is wholly-owned by Mr. YUEN Wai Keung, who is therefore deemed to be interested in these Shares under the SFO.
- (3) The 453,888,000 Shares are registered in the name of Robinhoods, of which Group Honour Assets Limited (“**Group Honour**”) is entitled to exercise, or control the exercise of, one-third of the voting power at general meetings of the Company. Group Honour is wholly-owned by Mr. SO Yiu Cheung, who is therefore deemed to be interested in these Shares under the SFO.
- (4) The approximate percentage of shareholding is calculated based on the issued share capital of the Company of 802,480,000 Shares.

(b) Beneficial interests in the shares of associated corporations

Name of Director	Notes	Name of associated corporation	Number of shares held in the associated corporation	Approximate percentage of shareholding
Mr. YUEN Chow Ming	1	Robinhoods	four	33.33%
		Able Promise	one	100%
Mr. YUEN Wai Keung	2	Robinhoods	four	33.33%
		Foremost Time	one	100%
Mr. SO Yiu Cheung	3	Robinhoods	four	33.33%
		Group Honour	one	100%

Notes:

- (1) The four shares are held by Able Promise, a company wholly-owned by Mr. YUEN Chow Ming. Accordingly, Mr. YUEN Chow Ming is deemed to be interested in such four shares in Robinhoods.
- (2) The four shares are held by Foremost Time, a company wholly-owned by Mr. YUEN Wai Keung. Accordingly, Mr. YUEN Wai Keung is deemed to be interested in such four shares in Robinhoods.
- (3) The four shares are held by Group Honour, a company wholly-owned by Mr. SO Yiu Cheung. Accordingly, Mr. SO Yiu Cheung is deemed to be interested in such four shares in Robinhoods.



(c) Long position in the underlying Shares

Pursuant to the share option scheme adopted by the Company on 25 February 2006 (details are set out in note 17 to the financial statements), certain Directors were granted share options to subscribe for the Shares, details of share options outstanding and exercisable as at 30 September 2009 were as follows:

Name of Director	Date of grant	Capacity	Number of underlying Shares comprised in the share options	Exercisable period	Exercise price per share
Mr. YUEN Chow Ming	25 August 2009	Beneficial owner	1,000,000	25 August 2009 to 31 August 2012	HK\$0.385
Mr. YUEN Wai Keung	25 August 2009	Beneficial owner	1,000,000	25 August 2009 to 31 August 2012	HK\$0.385
Mr. SO Yiu Cheung	25 August 2009	Beneficial owner	1,000,000	25 August 2009 to 31 August 2012	HK\$0.385
Mr. CHEUNG Chi Man, Dennis	18 February 2009	Beneficial owner	8,000,000	18 February 2009 to 29 February 2012	HK\$0.148
Professor LEUNG Yee Tak	25 August 2009	Beneficial owner	600,000	25 August 2009 to 31 August 2012	HK\$0.385
Mr. LIAO Cheung Tin, Stephen	25 August 2009	Beneficial owner	600,000	25 August 2009 to 31 August 2012	HK\$0.385
Mr. WONG Lap Shek, Eddie	25 August 2009	Beneficial owner	600,000	25 August 2009 to 31 August 2012	HK\$0.385

Save as disclosed above, as at 30 September 2009, none of the Directors and their associates, had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' Interests in Shares and Underlying Shares of the Company and its Associated Corporations" above and note 17 to the financial statements, at no time during the period under review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2009, so far as the Directors are aware of, the following substantial shareholders had interests in 5% or more of the Company's issued share capital:

Long position in the Shares

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Robinhoods	Beneficial owner	453,888,000	56.56%
Able Promise	Interest of controlled corporation	453,888,000	56.56%
Group Honour	Interest of controlled corporation	453,888,000	56.56%
Foremost Time	Interest of controlled corporation	453,888,000	56.56%

Note:

The approximate percentage of shareholding is calculated based on the issued share capital of the Company of 802,480,000 Shares.

Save as disclosed above, at 30 September 2009, no other interest or short positions in the shares and underlying shares of the Company were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has any competing interests in any business or has any interest in any business that may constitute direct or indirect competition with the Group.

SHARE OPTIONS

Details of the Company's share option scheme are set out in note 17 to the financial statements.

INTERIM DIVIDEND

The Directors declared an interim dividend of HK1.2 cent per share for the six months ended 30 September 2009 payable on or about Tuesday, 26 January 2010 to shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 15 January 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares.

CORPORATE GOVERNANCE

The Board considers that good corporate governance is essential for enhancing accountability and transparency of a company to the investment public and other shareholders. The Directors are dedicated to maintain high standard corporate governance practices. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and to fulfill its commitment to excellence in corporate governance.

The Company has complied with the applicable code provisions of the Code of Corporate Governance Practices set out in appendix 14 to the Listing Rules for the six months ended 30 September 2009.

The Company has adopted the Model Code as for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) its own code of conduct regarding Directors’ securities transactions. The obligations to comply with the Listing Rules are set out in the terms of the service contracts of each executive Director and the letters of appointment of each independent non-executive Director. The Company has made specific enquires with the Directors, and all Directors have confirmed that they have complied with the requirements set out under the Model Code for the six months ended 30 September 2009.

AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. WONG Lap Shek, Eddie (as chairman of the Audit Committee), Professor LEUNG Yee Tak and Mr. LIAO Cheung Tin, Stephen. The Audit Committee has, at the date of this report, reviewed with the Company’s management and the auditors of the Company, the internal controls and financial reporting matters of the Company and the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2009 before submitting to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

By Order of the Board

YUEN Chow Ming

Chairman

Hong Kong, 28 December 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2009

	Notes	Six months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	4	278,478	387,355
Cost of revenue		(266,249)	(350,436)
Gross profit		12,229	36,919
Other income and gains	4	72	1,715
Distribution and selling expenses		(278)	(1,822)
Administrative expenses		(19,852)	(28,087)
Operating (loss)/profit	6	(7,829)	8,725
Finance costs	7	(829)	(3,913)
(Loss)/Profit before income tax		(8,658)	4,812
Income tax expense	8	–	(734)
(Loss)/Profit for the period		(8,658)	4,078
(Loss)/Profit for the period attributable to:			
Owners of the Company		(8,639)	4,078
Non-controlling interests		(19)	–
		(8,658)	4,078
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company	10	HK cents	HK cents
– Basic		(1.08)	0.44
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2009

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
(Loss)/Profit for the period	(8,658)	4,078
Other comprehensive income		
Exchange difference arising on translation of overseas operation	26	1,122
Total comprehensive income for the period	(8,632)	5,200
Attributable to:		
Owners of the Company	(8,613)	5,200
Non-controlling interests	(19)	–
	(8,632)	5,200



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2009

	Notes	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	49,885	36,585
Prepaid land lease payments		143	143
Retention receivables		10,964	16,285
Pledged bank deposit		5,000	5,000
Prepayment for investments	12	–	3,657
		65,992	61,670
Current assets			
Inventories		6,776	–
Amounts due from customers of contract works		240,699	405,609
Trade and other receivables	13	69,036	53,755
Tax recoverable		539	527
Pledged bank deposits		27,351	27,297
Cash and cash equivalents		49,174	63,757
		393,575	550,945

	Notes	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Current liabilities			
Amounts due to customers of contract works		–	2,541
Trade and other payables	14	55,811	63,873
Borrowings	15	7,334	144,134
		63,145	210,548
Net current assets		330,430	340,397
Total assets less current liabilities		396,422	402,067
Non-current liabilities			
Borrowings	15	15,677	15,201
Deferred tax		3,684	3,684
		19,361	18,885
Net assets		377,061	383,182
EQUITY			
Share capital	16	40,124	40,049
Reserves		336,654	342,831
Equity attributable to owners of the Company		376,778	382,880
Non-controlling interests		283	302
Total equity		377,061	383,182



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2009

	Equity attributable to owners of the Company								Non-controlling interests	Total equity	
	Share capital	Share premium*	Merger reserve*	Share option reserve*	Capital redemption reserve*	Translation reserve*	Retained profits*	Proposed final dividend			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)											
At 1 April 2008	46,539	255,396	13,805	5,025	139	2,893	106,609	7,432	437,838	-	437,838
Net profit for the period	-	-	-	-	-	-	4,078	-	4,078	-	4,078
Other comprehensive income											
Exchange difference arising on translation of overseas operation	-	-	-	-	-	1,122	-	-	1,122	-	1,122
Total comprehensive income for the period	-	-	-	-	-	1,122	4,078	-	5,200	-	5,200
Acquisition of interests in a subsidiary	-	-	-	-	-	-	-	-	-	421	421
2008 final dividend paid	-	-	-	-	-	-	-	(7,432)	(7,432)	-	(7,432)
Share-based compensation – share options granted in previous years	-	-	-	198	-	-	-	-	198	-	198
Share options forfeited	-	-	-	(66)	-	-	66	-	-	-	-
Repurchase of shares	(90)	(750)	-	-	90	-	(90)	-	(840)	-	(840)
Transactions with owners	(90)	(750)	-	132	90	-	(24)	(7,432)	(8,074)	421	(7,653)
As 30 September 2008	46,449	254,646	13,805	5,157	229	4,015	110,663	-	434,964	421	435,385
(Unaudited)											
At 1 April 2009	40,049	207,178	13,805	7,809	6,629	517	106,893	-	382,880	302	383,182
Net loss for the period	-	-	-	-	-	-	(8,639)	-	(8,639)	(19)	(8,658)
Other comprehensive income											
Exchange difference arising on translation of overseas operation	-	-	-	-	-	26	-	-	26	-	26
Total comprehensive income for the period	-	-	-	-	-	26	(8,639)	-	(8,613)	(19)	(8,632)
Share-based payment – share options granted in current period (note 17)	-	-	-	2,289	-	-	-	-	2,289	-	2,289
Share issued upon exercise of share options	75	216	-	(69)	-	-	-	-	222	-	222
Share options forfeited (note 17)	-	-	-	(3,411)	-	-	3,411	-	-	-	-
Transactions with owners	75	216	-	(1,191)	-	-	3,411	-	2,511	-	2,511
At 30 September 2009	40,124	207,394	13,805	6,618	6,629	543	101,665	-	376,778	283	377,061

* The total of these balances represents reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*for the six months ended 30 September 2009*

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	155,937	(53,036)
Net cash used in investing activities	(16,743)	(5,340)
Net cash used in financing activities	(153,769)	(63,071)
Net decrease in cash and cash equivalents	(14,575)	(121,447)
Cash and cash equivalents at beginning of the period	63,757	172,884
Effect of foreign exchange rate changes, on cash held	(8)	(7)
Cash and cash equivalents at end of the period	49,174	51,430



NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 September 2009

1. GENERAL INFORMATION

Ming Hing Waterworks Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 25 May 2004 as an exempted company with limited liability and its shares (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its principal place of business is Units 1809-1812, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of maintenance and construction works on civil engineering contracts in respect of waterworks engineering, road works and drainage and slope upgrading for the public sector in Hong Kong, as well as the provision of water supply services in Mainland China.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2009 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Statements do not include all of the information and disclosure required in the annual financial statements and thereby they should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

The Interim Financial Statements are unaudited, but have been reviewed by the Company’s Audit Committee. The Interim Financial Statements were approved for issue by the board of directors on 28 December 2009.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2009 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued and became effective in the current interim period as described below.

3. ADOPTION OF NEW AND REVISED HKFRSs

Impact of new and revised HKFRSs which are effective in the current interim period

In the current interim period, the Group has adopted, for the first time, the following new and revised HKFRSs which are relevant and effective for the Group's financial statements for accounting periods beginning on or after 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Amendment)	Cost of an investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Various	Annual improvements to HKFRSs 2008



3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKAS 1 (Revised) – Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items with these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference arising on the translation of overseas operation. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income".

HKFRS 2 (Amendment) – Share-based Payment - Vesting Conditions and Cancellation

This standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because of a non-vesting condition is not satisfied. The adoption of this amendment does not have any impact on the financial position or performance of the Group.

HKFRS 7 (Amendment) – Improving Disclosures about Financial Instruments

The amendment increases the disclosure requirements about fair value measurement and amends the disclosures about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosure for those instruments classified in the lowest level in the hierarchy. The Group will make additional relevant disclosures in its financial statements ending 31 March 2010.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 8 – Operating Segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risk and returns. Comparatives have been restated on a basis consistent with the new standard.

The adoption of other new and revised HKFRSs which are effective during the current interim period does not have impact on the Interim Financial Statements.



4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue		
Contract revenue from maintenance and construction works on civil engineering contracts	278,187	366,994
Revenue from water supply services	262	13,098
Water supply related installation fee	29	7,263
	278,478	387,355
Other income and gains		
Bank interest income	65	488
Excess over the cost of business combination	–	945
Sundry income	7	282
	72	1,715
Total income	278,550	389,070

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group’s senior management for the purposes of resource allocation and assessment of segment performance. The Group has identified the following reportable segments:

Waterworks engineering
contracting business

This segment provides maintenance and construction works on civil engineering contracts in respect of waterworks engineering, road works and drainage and slope upgrading for the public sector in Hong Kong

Water supply business

This segment provides water supply services and water supply related installation services in Mainland China

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the chief operating decision-maker, i.e. the Executive Directors.

The directors consider the adoption of HKFRS 8 has not changed the identified operating segments for the Group compared to those reported in the annual financial statements of the Group for the year ended 31 March 2009.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Reportable segment profit/loss excludes corporate income and expenses from the Group’s profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarter which are not allocated to the operating segments.



5. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments is set out below:

	Waterworks engineering contracting business		Water supply business		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Reportable segment revenue*	278,187	366,994	291	20,361	278,478	387,355
Reportable segment profit/(loss)	849	9,127	(328)	3,441	521	12,568
Corporate income and expenses					(8,350)	(3,843)
Finance costs					(7,829)	8,725
(Loss)/Profit before income tax					(829)	(3,913)
Income tax expenses					(8,658)	4,812
(Loss)/Profit for the period					-	(734)
					(8,658)	4,078

* All of the segment revenue reported above is from external customers.

The Group operates in two main geographical areas: Hong Kong and Mainland China. An analysis of the Group's revenue for the period by geographical locations is as follows:

	Hong Kong		Mainland China		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Revenue	278,187	366,994	291	20,361	278,478	387,355

6. OPERATING (LOSS)/PROFIT

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating (loss)/profit is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments	1	238
Depreciation of property, plant and equipment		
– owned assets	2,922	4,626
– leased assets	681	939
	3,603	5,565
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	35,519	49,578
– retirement benefits scheme contributions	1,077	1,932
– equity-settled share-based compensation (note 17)	2,030	153
	38,626	51,663
Operating lease charges		
– land and buildings	762	756
– plant and machinery	2,741	5,197
	3,503	5,953
Loss/(Gain) on disposal of property, plant and equipment	226	(337)
Impairment of prepayment for investments (note 12)	3,657	–



7. FINANCE COSTS

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest charges on:		
Bank loans wholly repayable within five years	819	3,484
Interest element of finance lease payments	10	110
Other borrowings repayable within five years	–	319
	829	3,913

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2008: 16.5%) of the estimated assessable profit for the period.

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current tax for the period		
– Hong Kong profits tax	–	908
Deferred tax	–	(174)
Income tax expense	–	734

9. DIVIDENDS

On 28 December 2009, the Directors declared an interim dividend of HK1.2 cent per share, amounting to HK\$9,630,000. This dividend is not reflected as dividend payable in these interim financial statements but will be reflected as an appropriation of retained profits for the year ending 31 March 2010.

No dividend has been declared by the Company in respect of last financial year.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings is based on the loss for the period attributable to the owners of the Company of HK\$8,639,000 (six months ended 30 September 2008: profit of HK\$4,078,000) and the weighted average number of ordinary shares in issue during the period of 30 September 2009 of 802,480,000 (six months ended 30 September 2008: 929,137,000).

The computation of diluted loss per share for the current interim period does not assume the conversion of the outstanding share options as mentioned in note 17 since this would result in a decrease in loss per share.

The computation of diluted earnings per share for the last interim period does not adjust for the effects of the share options since the exercise prices of those share options were higher than the average market price of the Company's shares for the last interim period.



11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group incurred capital expenditure of approximately HK\$771,000 (six months ended 30 September 2008: HK\$949,000) in furniture, fixtures and equipment, approximately HK\$741,000 (six months ended 30 September 2008: HK\$36,000) in leasehold improvements, approximately HK\$13,648,000 (six months ended 30 September 2008: HK\$450,000) in motor vehicles, approximately HK\$1,963,000 (six months ended 30 September 2008: HK\$269,000) in machinery and tools and Nil (six months ended 30 September 2008: HK\$3,594,000) in respect of the construction work in progress.

No significant disposal of property, plant and equipment was made during the period.

12. PREPAYMENT FOR INVESTMENTS

Prepayment for investments as at 31 March 2009 comprised an amount of RMB2,000,000 (equivalent to approximately HK\$2,157,000) which represented the deposit paid by the Group for the potential formation of equity joint venture which will be principally engaged in provision of water supply services in Leizhou City, Guangdong Province, the PRC and an amount of HK\$1,500,000 which represented deposit paid by the Group in relation to potential acquisition of equity interests in certain PRC entities engaging in the provision of water supply services in Qingyuan City, Guangdong Province, the PRC.

In the light of the increasing uncertainty as to the completion of the equity joint venture/acquisition and the recoverability of the aforesaid deposit, and taking into consideration the advice from legal advisors of the Group, the Directors have made full provision in respect of the deposits during the current interim period.

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Trade receivables	26,564	27,068
Retention receivables	20,792	18,487
Prepaid land lease payments	1	2
Prepayments and deposits	8,264	6,319
Other receivables	24,379	18,164
	80,000	70,040
Less: Retention receivables included under non-current assets	(10,964)	(16,285)
	69,036	53,755

The ageing analysis of trade receivables (based on invoice date) as at the balance sheet date is as follows:

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Within 3 months	26,564	27,065
4 to 6 months	–	2
7 to 9 months	–	1
10 to 12 months	–	–
Over 1 year	–	–
	26,564	27,068



13. TRADE AND OTHER RECEIVABLES (Continued)

Credit period granted to customers of contract works is normally 30 to 60 days. Application for progress payments of contract works is made on a regular basis. Credit period granted to customers of water supply business is normally 30 days.

14. TRADE AND OTHER PAYABLES

Details of the trade and other payables including ageing analysis of trade payables (based on invoice date) are as follows:

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Trade payables		
Within 3 months	28,798	41,243
4 to 6 months	5,040	7,128
7 to 9 months	318	508
10 to 12 months	154	1,418
Over 1 year	4,220	897
	38,530	51,194
Retention payables	–	1,805
Other payables and accruals	17,281	10,874
	55,811	63,873

15. BORROWINGS

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Current		
Bank loans, secured (note (a))	6,625	141,771
Finance lease liabilities (note (b))	709	2,363
	7,334	144,134
Non-current		
Bank loans, secured (note (a))	15,000	15,000
Finance lease liabilities (note (b))	677	201
	15,677	15,201
Total borrowings	23,011	159,335
Analysed into:		
Bank loans repayable		
Within one year	6,625	141,771
In the second year	15,000	15,000
	21,625	156,771
Other borrowings repayable		
Within one year	709	2,363
In the second year	677	201
	1,386	2,564
	23,011	159,335

The carrying amount of bank and other borrowings approximates their fair value.



15. BORROWINGS (Continued)

Notes:

- (a) Bank loans amounting to HK\$21,625,000 (At 31 March 2009: HK\$156,771,000) are secured by the corporate guarantees issued by the Company and of which HK\$15,625,000 (At 31 March 2009: HK\$123,771,000) are secured by charges over bank deposits amounting to HK\$32,351,000 (At 31 March 2009: HK\$32,297,000). Apart from this, bank loans amounting to HK\$15,625,000 (At 31 March 2009: HK\$81,421,000) is secured by the proceeds on civil engineering contracts.
- (b) The Group leases certain of its motor vehicles and machinery and these leases are classified as finance leases having remaining lease terms ranging from one to three years. As at 30 September 2009, the total future minimum lease payments under finance leases and their present value were as follows:

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Total minimum lease payments		
Due within one year	767	2,399
Due in the second year	491	207
Due in the third to fifth years, inclusive	212	–
	1,470	2,606
Less: future finance charges on finance leases	(84)	(42)
Present value of finance lease liabilities	1,386	2,564
Present value of financial lease liabilities		
Due within one year	709	2,363
Due in the second year	455	201
Due in the third to fifth years, inclusive	222	–
	1,386	2,564
Less: portion due within one year included under current liabilities	(709)	(2,363)
Non-current portion included under non-current liabilities	677	201

15. BORROWINGS (Continued)

(c) Other information about the borrowings:

	Effective interest rate per annum at period/year end					
	At 30 September 2009			At 31 March 2009		
	Original currency	Floating rate	Fixed rate	Original currency	Floating rate	Fixed rate
Bank loans	HK\$	1.70% - 2.72%	-	HK\$	1.40% - 3.20%	-
Finance lease liabilities	HK\$	-	2.80% - 4.00%	HK\$	2.02% - 2.09%	3.25% - 4.00%

16. SHARE CAPITAL

	At 30 September 2009 (Unaudited)			At 31 March 2009 (Audited)		
	Par value	Number of ordinary shares	Nominal value	Par value	Number of ordinary shares	Nominal value
	HK\$		HK\$'000	HK\$		HK\$'000
Authorised						
Balance at beginning and end of the period/year	0.05	2,000,000,000	100,000	0.05	2,000,000,000	100,000
Issued and fully paid						
Balance at beginning of the period/year	0.05	800,980,000	40,049	0.05	930,780,000	46,539
Shares issued upon exercise of share options	0.05	1,500,000	75	-	-	-
Repurchase of shares	-	-	-	0.05	(129,800,000)	(6,490)
Balance at end of the period/year	0.05	802,480,000	40,124	0.05	800,980,000	40,049



17. SHARE-BASED COMPENSATION

The movement of the share options granted by the Company during the current interim period are as follows:

Grantees	Options grant date	Exercise price per share HK\$	Number of share options				At 30
			At 1 April	Granted	Exercised	Forfeited	September
			2009				2009
			'000	'000	'000	'000	'000
Directors	17 April 2007	0.975	1,200	-	-	(1,200)	-
	18 February 2009	0.148	8,000	-	-	-	8,000
	25 August 2009	0.385	-	4,800	-	-	4,800
			9,200	4,800	-	(1,200)	12,800
Employees	4 April 2007	0.600	1,700	-	-	(1,700)	-
	17 May 2007	1.420	400	-	-	(400)	-
	5 October 2007	0.812	2,050	-	-	(1,125)	925
	18 February 2009	0.148	8,000	-	(1,500)	-	6,500
	25 August 2009	0.385	-	9,300	-	-	9,300
			12,150	9,300	(1,500)	(3,225)	16,725
Suppliers of services or goods	26 March 2007	0.445	9,000	-	-	(9,000)	-
	4 April 2007	0.600	13,400	-	-	(13,400)	-
	5 October 2007	0.812	8,500	-	-	(300)	8,200
	18 February 2009	0.148	48,000	-	-	-	48,000
	25 August 2009	0.385	-	1,800	-	-	1,800
			78,900	1,800	-	(22,700)	58,000
Total			100,250	15,900	(1,500)	(27,125)	87,525
Weighted average exercise price (HK\$ per share)			0.328	0.385	0.148	0.588	0.260

17. SHARE-BASED COMPENSATION (Continued)

2008	Options grant date	Exercise price per share HK\$	Number of share options				At 30 September 2008 '000
			At 1 April 2008 '000	Granted '000	Exercised '000	Forfeited '000	
Directors	17 April 2007	0.975	1,200	-	-	-	1,200
Employees	4 April 2007	0.600	1,700	-	-	-	1,700
	17 April 2007	0.975	300	-	-	-	300
	17 May 2007	1.420	440	-	-	(40)	400
	5 October 2007	0.812	3,800	-	-	(350)	3,450
			6,240	-	-	(390)	5,850
Suppliers of services or goods	26 March 2007	0.445	9,000	-	-	-	9,000
	4 April 2007	0.600	13,400	-	-	-	13,400
	5 October 2007	0.812	8,750	-	-	(250)	8,500
			31,150	-	-	(250)	30,900
Total			38,590	-	-	(640)	37,950
Weighted average exercise price (HK\$ per share)			0.657	-	-	0.850	0.654

On 25 August 2009, 15,900,000 share options were granted to certain directors, employees and suppliers. Those options vest on the date of grant and are exercisable from the date of acceptance of the options up to 31 August 2012.



17. SHARE-BASED COMPENSATION (Continued)

The fair value of the share options granted during the current interim period is determined by an independent valuer using the Black-Scholes option pricing model. Details of the inputs to the model are as follows:

Share price (HK\$ per share)	0.385
Exercise price (HK\$ per share)	0.385
Expected volatility (%)	87.04% - 102%
Risk-free interest rate (%)	0.16% - 0.522%
Dividend yield (%)	0%
Expected life of option (years)	0.5 - 2.0

Expected volatility is determined by reference to the weekly share price movement of the Company for the period from 1 August 2008 to 28 August 2009. Risk-free interest rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date. The expected life of option is determined based on management's best estimates for the effects of non-transferability of the options, exercise restrictions and behavioural considerations.

The amount of share-based compensation arising from granting the share options during the current interim period was HK\$2,289,000. The share-based compensation in respect of the share options granted to the directors and employees amounting to HK\$2,030,000 and to consultants amounting to HK\$259,000 were recognised as administrative expenses. The corresponding amount of HK\$2,289,000 has been credited to the share option reserve. No liabilities were recognised as those are equity-settled share-based payment transactions.

17. SHARE-BASED COMPENSATION (Continued)

During the current interim period, 27,125,000 share options which were granted to directors, consultants and employees were forfeited and corresponding share option expenses of HK\$3,411,000 was transferred from share option reserve to retained profits.

The number of outstanding share options which are exercisable as at 30 September 2009 was 87,525,000 (30 September 2008: 35,925,000) which represent approximate 10.91% (30 September 2008: 3.87%) of the Company's shares in issue on that date. The exercise in full of these share options would result in the issue of 87,525,000 additional ordinary shares of the Company including additional share capital of HK\$4,376,000 and share premium of HK\$18,405,000.



18. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease rental payable under a non-cancellable operating lease in respect of land and buildings as of 30 September 2009 was as follows:

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Within one year	1,449	1,523
In the second to fifth years, inclusive	725	1,450
	2,174	2,973

The Group leases certain properties under the operating lease. The leases run for an initial period of two year to three years, with an option to renew the lease and renegotiate the terms at the expiry date. The leases do not include any contingent rentals.

19. CONTINGENT LIABILITIES AND LITIGATIONS

As at 30 September 2009, a number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding as at the date of this report. Claim amounts are not specified in the applications of these lawsuits and claims. In the opinion of the Directors, sufficient insurance policies are maintained to cover the losses, if any, arising from these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the financial position of the Group.

19. CONTINGENT LIABILITIES AND LITIGATIONS (Continued)

Apart from the above, a writ of summons dated 15 July 2009 was served to a subsidiary of the Company as defendant in respect of two claims of two completed projects from a sub-contractor with claim amount of approximately HK\$9.5 million in aggregate. On 3 December 2009, a mediation notice has been received from the solicitor of the sub-contractor in respect of the two claims. As assessed by the Directors, the claims from the sub-contractor will unlikely result in significant financial impact on the Group and accordingly, no provision is made in this regard.

20. POST BALANCE SHEET EVENT

On 12 November 2009, the Group entered into a memorandum of understanding with a third party vendor in respect of acquiring certain equity interest in a company which has beneficiary interests in certain mining sites located in Mongolia with coal, gold and copper deposits (“the Proposed Acquisition”). The Proposed Acquisition is still in progress as at the date of this report.



21. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following related party transactions:

(i) Transactions with a related company

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Rental expenses for office premises paid to Grand Media Limited	492	492

The directors of the Company, Mr. Yuen Chow Ming, Mr. Yuen Wai Keung and Mr. So Yiu Cheung, have equity interests of 34%, 33% and 33%, respectively, in the above related company.

(ii) Key management personnel

Included in staff costs are key management personnel compensation which comprises the following categories:

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Salaries, allowances and benefits in kind	4,370	3,569
Equity-settled share option expenses	907	153
Post-employment benefits	67	65
	5,344	3,787