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.

WING HING INTERNATIONAL (HOLDINGS) LIMITED

永興國際（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

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

VC CAPITAL LIMITED

滙盈融資有限公司

A letter from the independent board committee is set out on page 21 of this circular. A letter from VC Capital Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 22 to 30 of this circular.

A notice convening a special general meeting of the Company to be held at Suite 1901, 19th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 20 October 2009 at 11:00 a.m. is set out on pages 129 to 130 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.

28 September 2009

* *For identification purpose only*

CONTENTS

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

"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
"Coal Mines"	the Tiechong Coal Mine, the Xinghe Coal Mine, the Shuishan Coal Mine, the Lushan Coal Mine and the Dayan Coal Mine
"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 and the vendor under the Sale and Purchase Agreement
"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$1,000,000 payable by the Purchaser to the Company for the Disposal and to be satisfied in the manner as described in this circular
"Dayan Coal Mine"	the coal mine located in Zhijin County in the southwestern part of Guizhou Province
"Dayan Licence"	the mining rights licence no. 5200000730035 granted by Ministry of Land and Resources PRC in relation to the Dayan Coal Mine
"Directors"	the directors of the Company
"Disposal"	the Disposal of the Sale Share and the Sale Loan by the Purchaser as contemplated under the Sale and Purchase Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent board committee comprising all the independent non-executive Directors, which was formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal
"Independent Shareholders"	Shareholders other than the Purchaser, Total Success and their associates
"Independent Third Party(ies)"	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 (as defined in the Listing Rules)
"Latest Practicable Date"	24 September 2009, 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
"Lushan Coal Mine"	the coal mine located in the southeastern part of the Guizhou Province and is situated proximal to Dafengdong Town and some 35 km from Kaili City
"Lushan Licence"	the mining rights licence no. 5200000711044 granted by Ministry of Land and Resources PRC in relation to the Lushan Coal Mine
"Mining Licences"	the Tiechong Licence, the Xinghe Licence, the Shuishan Licence, the Lushan Licence and the Dayan Licence
"Mr. Bian"	邊傳哲(Bian Chuanzhe[#])
"Mr. Huang"	黃學雲(Huang Xueyun[#])
"Mr. Su"	蘇堅鋒(Su Jianfeng[#])
"PRC"	the People's Republic of China
"Purchaser"	Ng Tat Leung, George, the purchaser under the Sale and Purchase Agreement
"Remaining Group"	the Group as excluding the Target Group

"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 7 September 2009 entered into between the Purchaser and the Company in relation to the sale and purchase of the Sale Share and the Sale Loan
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target to the Company on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 31 July 2009, amounted to HK$35,466,350
"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
"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 on Tuesday, 20 October 2009 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$1.00 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shuishan Coal Mine"	the coal mine located in Majiang County in the southeastern part of the Guizhou Province and is situated about 9.5 km northeast of Majiang City
"Shuishan Licence"	the mining rights licence no. 5200000540312 granted by Ministry of Land and Resources PRC in relation to the Shuishan Coal Mine
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Club Ace Holdings Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Company
"Target Group"	the Target, its subsidiaries and associated companies

"Tiechong Coal Mine"	the coal mine located proximal to the Xiping village within Majiang County, some 15 km south of Majiang City
"Tiechong Licence"	the mining rights licence no. 5200000540313 granted by Ministry of Land and Resources PRC in relation to the Tiechong Coal Mine
"Total Success"	Total Success Worldwide Limited
"VC Capital"	VC Capital Limited, a licensed corporation under the SFO to conduct type 1 and type 6 regulated activities (dealing in securities and advising on corporate finance), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
"Xinghe Coal Mine"	the coal mine located in proximal to the township of Baimang, and approximately 25 km west of Duyun City
"Xinghe Licence"	the mining rights licence no. 5200000711403 granted by Ministry of Land and Resources PRC in relation to the Xinghe Coal Mine
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"km"	kilometres
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

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

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

Executive Directors:
Peter He
Leung Pui Kwan
Shen Junchen
Chan Wah Fan

Non-executive Director:
Yuen Sau Ying, Christine

Independent non-executive Directors:
Leung Wai Cheung
Hui Wah Tat, Anthony
Li Kam Chung

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

28 September 2009

To the Shareholders

Dear Sir or Madam

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 14 September 2009 in which the Board announced that on 7 September 2009, the Company entered into the Sale and Purchase Agreement with the Purchaser to sell the Sale Share and the Sale Loan for a total consideration of HK$1,000,000.

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

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

* *For identification purpose only*

THE SALE AND PURCHASE AGREEMENT

Date: 7 September 2009

Parties:	(1)	Vendor	:	Wing Hing International (Holdings) Limited
	(2)	Purchaser	:	Ng Tat Leung, George

The Purchaser was a Director as at the date of the Sale and Purchase Agreement. He was the beneficially owner of 4,917,369 Shares and approximately 92.92% of the entire issued share capital of Total Success, which in turn held 10,772,700 Shares as at the Latest Practicable Date. The Purchaser and his associates held an aggregate of 15,690,069 Shares, representing approximately 15.14% of the entire issued share capital of the Company as at the Latest Practicable Date.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Company has agreed to sell: (i) the Sale Share, representing the entire issued share capital of the Target as at the Latest Practicable Date; and (ii) the Sale Loan, which amounts to HK$35,466,350 as at 31 July 2009.

Consideration

The Consideration for the sale and purchase of the Sale Share and Sale Loan and shall be payable by the Purchaser in cash to the Company at Completion

The Consideration was determined with reference to the net liabilities of the Target Group as at 31 July 2009 and the value of the Sale Loan as at 31 July 2009.

The Consideration for the Sale Share and the Sale Loan was agreed between the Company and the Purchaser after arm's length negotiations. As such, the Directors consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

(1) if necessary, the passing by the Independent Shareholders at a special general meeting of the Company to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;

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

(3) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated hereunder having been obtained;

(4) the warranties given by the Purchaser in the Sale and Purchase Agreement remaining true and accurate in all respects; and

(5) the warranties given by the Company in the Sale and Purchase Agreement remaining true and accurate in all respects.

All of the conditions are not waivable under the Sale and Purchase Agreement. If the conditions have not been satisfied on or before 4:00 p.m. on 31 October 2009, or such later date as the Company and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

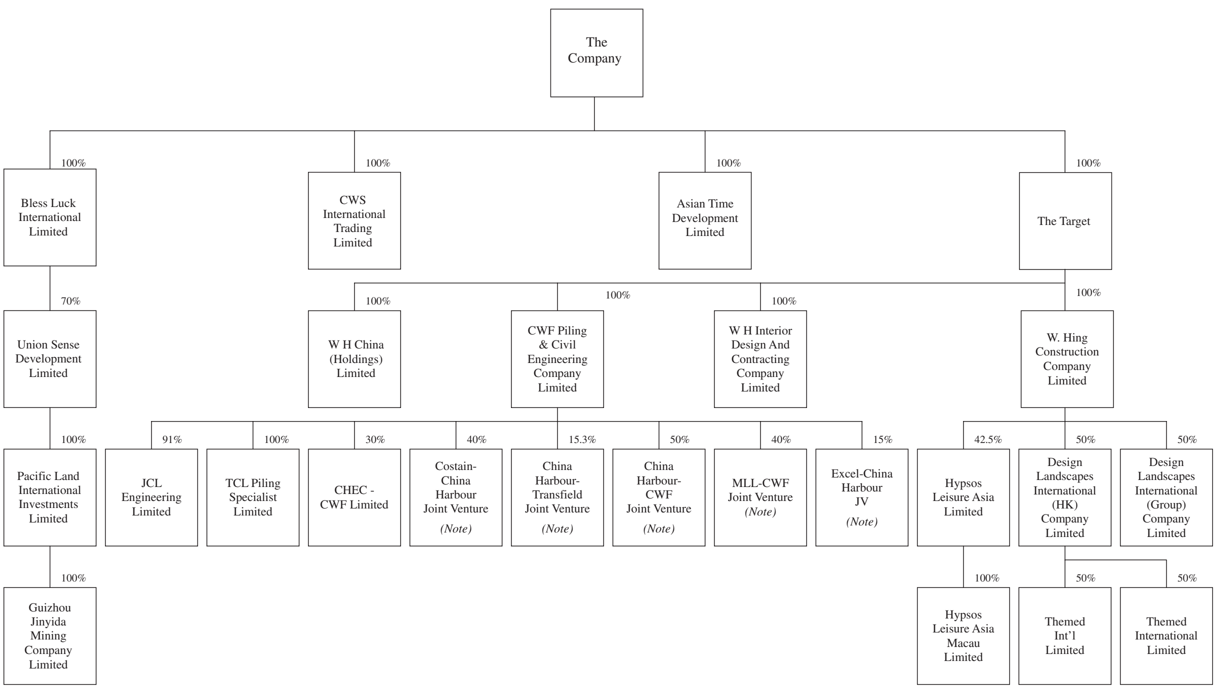
Completion shall take place at 4:00 p.m. on the date falling two Business Days after the fulfilment of the conditions or such later date as may be agreed between the Company and the Purchaser.

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

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands on 1 February 2008 and is principally engaged in investment holding. W. Hing Construction Company Limited is a company incorporated in Hong Kong on 15 December 1989 and is principally engaged in superstructure construction. CWF Piling & Civil Engineering Company Limited is a company incorporated in Hong Kong on 28 March 1978 and is principally engaged in foundation piling. W H China (Holdings) Limited is a company incorporated in Hong Kong on 14 May 1996 and is principally engaged in investment holding. TCL Piling Specialist Limited is a company incorporated in Hong Kong on 2 August 1999 and is principally engaged in foundation piling. W H Interior Design and Contracting Company Limited is a company incorporated in Hong Kong on 7 April 1998 and is principally engaged in interior decoration. JCL Engineering Limited is a company incorporated in Hong Kong on 25 September 1998 and is principally engaged in environmental engineering. Design Landscapes International (Group) Company Limited is a company incorporated in Hong Kong on 10 July 2002 and is principally engaged in landscaping services. Design Landscapes International (HK) Company Limited is a company incorporated in Hong Kong on 28 February 2001 and is principally engaged in landscaping services. Themed International Limited is a company incorporated in Macau on 21 February 2008 and is principally engaged in landscaping and themeing services. Themed Int'l Limited is a company incorporated in Hong Kong on 1 March 2007 and is principally engaged in landscaping and themeing services. Hypsos Leisure Asia Limited is a company incorporated in Hong Kong on 4 August 2005 and is principally engaged in exhibition construction and project management. Hypsos Leisure Asia Macau Limited is a company incorporated in Macau on 3 June 2008 and is principally engaged in exhibition construction and project management. CHEC-CWF Limited is a company incorporated in Hong Kong on 6 January 2006 and is principally engaged in highway maintenance. Costain-China Harbour Joint Venture is an unincorporated joint venture principally engaged in foundation piling. China Harbour-Transfield Joint Venture is an unincorporated joint venture principally engaged in drainage improvement. China Harbour-CWF Joint Venture is an unincorporated joint venture principally engaged in foundation piling. MLL-CWF Joint Venture is an unincorporated joint venture principally engaged in foundation piling and Excel-China Harbour JV is an unincorporated joint venture principally engaged in fresh water plumbing work.

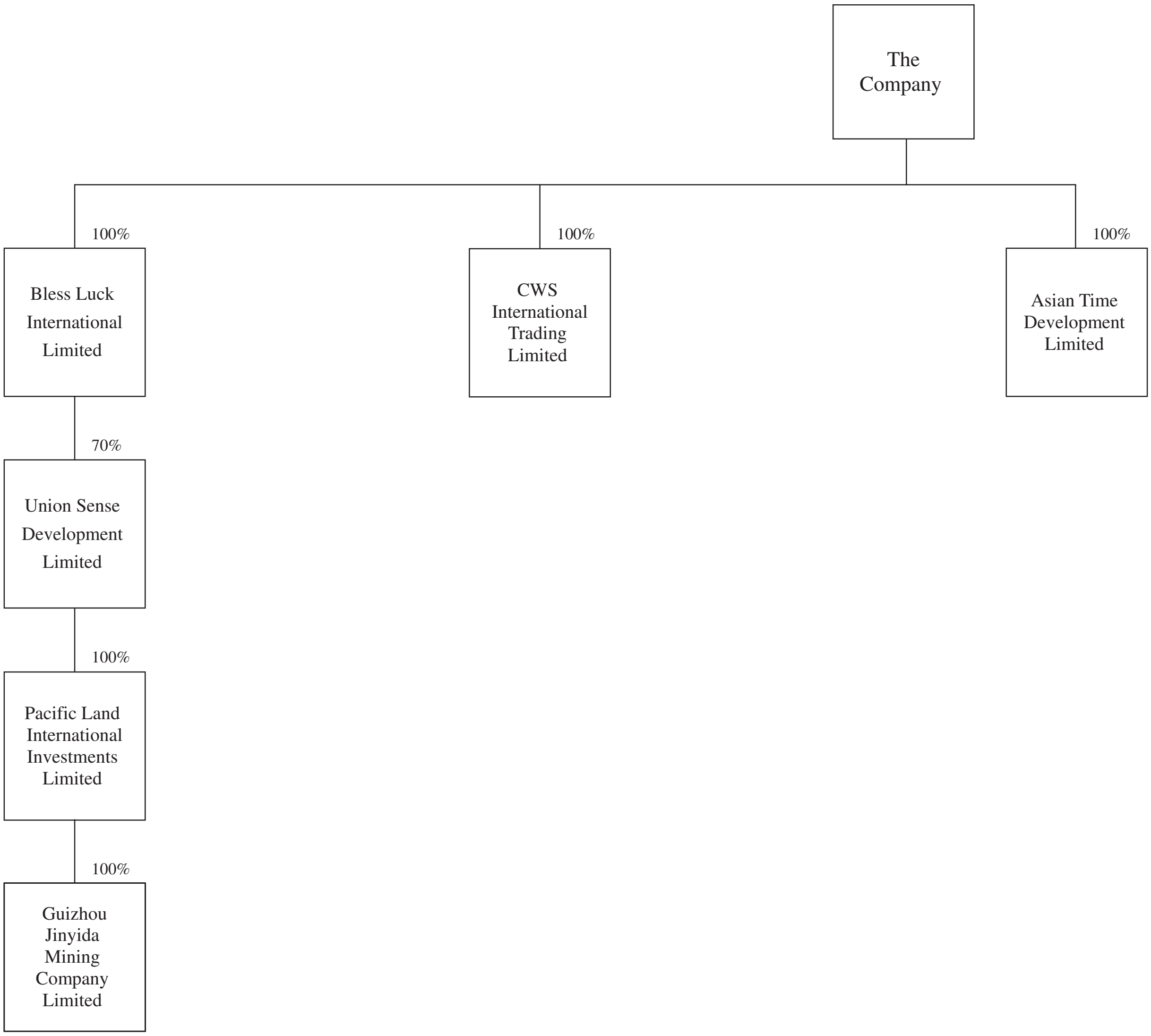
Group structure of the Group before Completion



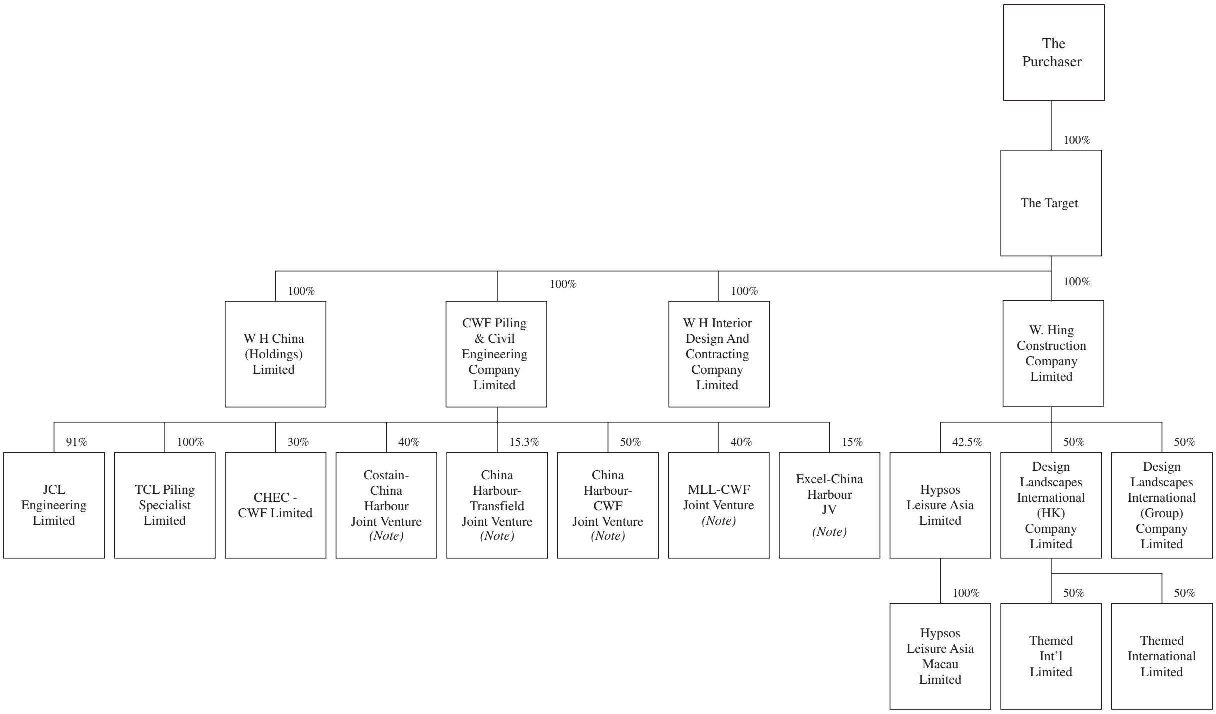
Note:

Costain-China Harbour Joint Venture, China Harbour-Transfield Joint Venture, China Harbour-CWF Joint Venture, MLL-CWF Joint Venture and Excel-China Harbour JV are unincorporated joint ventures.

Group structure of the Group immediately after Completion



Group structure of the Target Group immediately after Completion



Note:

Costain-China Harbour Joint Venture, China Harbour-Transfield Joint Venture, China Harbour-CWF Joint Venture, MLL-CWF Joint Venture and Excel-China Harbour JV are unincorporated joint ventures.

According to the audited consolidated accounts of the Target Group prepared under the Hong Kong accounting standard, for the year ended 31 March 2008, the net loss before taxation was approximately HK$5,982,000 and after taxation was approximately HK$5,512,000. The net asset value of the Target Group was approximately HK$18,262,000 as at 31 March 2008.

According to the audited consolidated accounts of the Target Group prepared under the Hong Kong accounting standard, for the year ended 31 March 2009, the net loss before taxation was approximately HK$57,345,000 and after taxation was approximately HK$57,069,000. The net liabilities of the Target Group were approximately HK$36,097,000 as at 31 March 2009.

According to the unaudited consolidated management accounts of the Target Group prepared under the Hong Kong accounting standard, for the four months ended 31 July 2009, the net loss before and after taxation was approximately HK$5,324,000. The net liabilities of the Target Group were approximately HK$42,417,000 as at 31 July 2009.

INFORMATION ON THE REMAINING GROUP

CWS International Trading Limited was incorporated in the British Virgin Islands on 17 January 1996 and was principally engaged in investment holding. Asian Time Development Limited was incorporated in Hong Kong on 20 May 2008 and is principally engaged in renting of office premises for the Group. Bless Luck International Limited was incorporated in the British Virgin Islands on 6 February 2008 and is principally engaged in investment holding. Union Sense Development Limited was incorporated in the British Virgin Islands on 6 June 2007 and is principally engaged in investment holding. Pacific Land International Investments Limited was incorporated in Hong Kong on 12 September 2007 and is principally engaged in investment holding. Guizhou Jinyida Mining Company Limited was established in the PRC on 26 September 2003 and is principally engaged in leasing of mining licenses and coal mining.

Mining Licences

Upon completion of the acquisition of the Mining Licences in November 2008, the Group became the holder of the Mining Licences.

The Group leased the Tiechong Licence for an initial term of six months commencing from 1 December 2008 to Mr. Su, an Independent Third Party, at a monthly rental fee of RMB125,000. The parties agreed to extend the term for a further six months to 30 November 2009. During the term, Mr. Su has the right to operate the Tiechong Coal Mine.

The Group leased the Xinghe Licence for an initial term of six months commencing from 1 December 2008 to Mr. Bian, an Independent Third Party, at a monthly rental fee of RMB375,000. The parties agreed to extend the term for a further six months to 30 November 2009. During the term, Mr. Bian has the right to operate the Xinghe Coal Mine.

The Group leased the Shuishan Licence for an initial term of six months commencing from 1 December 2008 to Mr. Huang, an Independent Third Party, at a monthly rental fee of RMB125,000. The parties agreed to extend the term for a further six months to 30 November 2009. During the term, Mr. Huang has the right to operate the Shuishan Coal Mine.

The Group currently intends to continue to lease the Tiechong Licence, the Xinghe Licence and the Shuishan Licence for a further period upon the expiry of the term of the above mentioned leases, until the Group can recruit sufficient amount of suitable management and work force to operate the Tiechong Coal Mine, the Xinghe Coal Mine and the Shuishan Coal Mine.

The Group has not leased out the mining licences relating to the Lushan Coal Mine and the Dayan Coal Mine. The Group is still in the process of installing new machineries to increase the production capacity of the Lushan Coal Mine and the Dayan Coal Mine. The total cost for the improvements at the Dayan Coal Mine and the Lushan Coal Mine is approximately RMB8.1 million and approximately RMB4.35 million respectively. As at the Latest Practicable Date, the total cost for the improvements at the Dayan Coal Mine and the Lushan Coal Mine incurred was approximately RMB2.1 million and approximately RMB1.5 million respectively. The improvements at the Dayan Coal Mine and the Lushan Coal Mine include (i) rebuilding and/or improvements of the office building, the staff quarter and the roads to the coal mines; (ii) addition and/or increase in the capacity of high-voltage electric cables; (iii) improvements on water supply; (iv) improvements on communication equipment; (v) reinforcement on the ceiling of the tunnels; (vi) extension and/or improvements of the ventilation shafts; and (vii) installation of new machinery such as electric trolley in tunnels. Upon completion of the improvements work at the Dayan Coal Mine and the Lushan Coal Mine, the maximum capacity of coal output can be increased to 400,000 tons per year for the Dayan Coal Mine and 150,000 tons per year for the Lushan Coal Mine. The Group plans to commence operations of the Lushan Coal Mine and the Dayan Coal Mine in or about June 2010. As at the Latest Practicable Date, the Group has hired one staff which has experience and expertise in the management of coal mines.

FINANCIAL EFFECT OF THE DISPOSAL

According to the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix II to this circular, the net loss of the Group will increase from approximately HK$73,669,000 to approximately HK$85,957,000, as if the Disposal had been completed at the commencement of the period being reported on (i.e. 1 April 2008). According to the unaudited pro forma consolidated assets and liabilities statement of the Remaining Group as set out in Appendix II to this circular, the total assets of the Group will decrease from approximately HK$412,001,000 to approximately HK$254,107,000 whilst the total liabilities of the Group will decrease from approximately HK$187,430,000 to approximately HK$23,740,000, as if the Disposal had been completed at the date reported (i.e. 31 March 2009).

It is estimated that the gain on disposal of the Target Group is approximately HK$6,951,000 after deducting the estimated expenses connected with the Disposal. The estimate gain on the disposal of the Target Group represents the consideration of HK$1,000,000 plus the sale of the Sale Loan of approximately HK$35,466,000 minus the total of the net liabilities of the Target Group of approximately HK$42,417,000 and the estimated direct cost attributable to the Disposal of approximately HK$1,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE REMAINING GROUP

For the year ended 31 March 2007

During the year ended 31 March 2007 under review, the Remaining Group has recorded a turnover of approximately HK$34.9 million. The Remaining Group recorded a net loss from ordinary activities attributable to equity holders of approximately HK$5.6 million.

Wastewater Treatment

With the view of counter-balancing the cyclical construction incomes and leveraging on our construction expertise, the Remaining 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 operations. 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 Remaining Group. The Remaining Group will capitalize on this valuable experience and expertise gained by seeking other similar projects in China should appropriate opportunities arise.

Property Development

During the year under review, the Remaining 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 Remaining Group through sale and rental of the units and carparks.

The Remaining 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 Remaining Group has gained a reasonable return. The property disposal transaction has been completed at the end of December 2006.

For the year ended 31 March 2008

During the year ended 31 March 2008 under review, the Remaining Group has recorded a turnover of approximately HK$19.6 million. The Remaining Group recorded a net profit from ordinary activities attributable to equity holders of approximately HK$13.6 million.

Wastewater Treatment and Property Development

During the year under review, the Remaining Group has signed a Sale and Purchase Agreement for the disposal of certain properties and investments and the wastewater treatment facility project in Zhuhai, China. The details of the disposal can be found in the Company's circular on the "Very Substantial Disposal and Connected Transaction" date 26 March 2008. The said Sale and Purchase Agreement and the transaction contemplated thereunder were subsequently approved by the shareholders at the special general meeting dated 14 April 2008. Through the disposal, the Remaining Group will realize a reasonable return which will be reflected in the 2008/2009 financial year.

For the year ended 31 March 2009

During the year ended 31 March 2009 under review, the Remaining Group has recorded a turnover of approximately HK$2.6 million. The Remaining Group recorded a net loss from ordinary activities attributable to equity holders of approximately HK$12.1 million.

Coal mining

In view of the flourishing mineral resources market in the PRC (especially when coal is the primary energy resource in the PRC which represents over 65% of total energy consumption), the Remaining Group has injected its resources into coal mining business since 2008. The Remaining Group has acquired five small-scale coal mines in Guizhou during November 2008, while at that time the Remaining Group originally planned to raise fund through debt financing for the speed up of the expansion of the coal mines, enhancement of production capacity, revenue growth, acquisition and merger of more potential coal mines with high return so as to strengthen the competitiveness in mineral resources business. However, it was difficult to secure funding under the impact of the global financial crisis and in the meantime the price of coal products dropped significantly; those factors disabled the expansion plan of the Remaining Group. Currently, two of the coal mines are undergoing expansion and the remaining three which include the Shuishan Coal Mine, the Tiechong Coal Mine and the Xinghe Coal Mines are temporarily leased back to the former owners to operate so as to release the pressure of cash flow for operating costs. Meanwhile, the Remaining Group is recruiting mining professionals or reliable teams to prepare for the mining work after the completion of mine expansion. As such, coal mining business does not generate much income at the moment. But we are working on improving the business.

Liquidity and financial resources

For the year ended 31 March 2007

As at 31 March 2007, the Remaining 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 Remaining Group's banking facilities were supported by (i) legal charges over the Remaining 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 Remaining Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK$4,800,000; and (iii) corporate guarantees to the extent of approximately HK$4.5 million in aggregate executed by the Company in respect of the banking facilities granted to certain subsidiaries of the Company.

The Remaining Group's gearing ratio as at 31 March 2007 was 0.023, calculated based on the Remaining Group's total borrowings of approximately HK$3,504,000 over the Remaining Group's total assets of approximately HK$150,519,000.

For the year end 31 March 2008

As at 31 March 2008, apart from a promissory note payable of approximately HK$98,280,000 the Remaining Group had no outstanding bank borrowings. As at 31 March 2008, the Remaining Group did not have any charge over the assets of the Remaining Group.

The Remaining Group's gearing ratio as at 31 March 2008 was 0.214, calculated based on the Remaining Group's total borrowings of approximately HK$98,280,000 over the Remaining Group's total assets of approximately HK$459,551,000.

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 2009

As at 31 March 2009, apart from a promissory note payable of approximately HK$20,267,000, the Remaining Group did not have any outstanding borrowings. As at 31 March 2009, the Remaining Group did not have any charge over the assets of the Remaining Group.

The Remaining Group's gearing ratio as at 31 March 2009 was 0.072, calculated based on the Remaining Group's total borrowings of approximately HK$20,267,000 over the Remaining Group's total assets of approximately HK$281,931,000

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

Employees

The Remaining Group employed approximately 11, 11 and 10 staff, excluding workers under exclusive subcontracting arrangements, for the year ended 31 March 2007, 2008 and 2009. Total staff costs for the year ended 31 March 2009, excluding Directors' remuneration, amounted to approximately HK$4,279,000, HK$4,307,000 and HK$4,135,000. The remuneration packages of the Remaining Group's employees are mainly based on their performance and experience, taking into account current industry practices. The remuneration policy and packages of the Remaining Group's employees are reviewed regularly.

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

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

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. No share options were granted under the Scheme as at 31 March 2007, 2008 and 2009.

Exposure to fluctuations in exchange rates

Since the functional currencies of the Remaining Group's operations are mainly Hong Kong dollars, United States dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Remaining Group during the year ended 31 March 2007, 2008 and 2009 is limited.

Material acquisitions and disposals of subsidiaries and associated companies

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

The Remaining Group has aquired the entire equity interests in Farrell Global Limited, a company incorporated in the British Virgin Islands and a subsidiary of which is principally engaged in development and management of a series of sophora products and development and management of biological vegetable oil, including sunflower oil during the year ended 31 March 2008.

The Remaining Group has acquired the 70% equity interest in Union Sense Development Limited, a company incorporated in the British Virgin Islands, and a subsidiary of which is principally engaged in the operation of coal mines and leasing of mining licenses in the People's Republic of China during the year ended 31 March 2009.

The Remaining Group has disposed its equity interests in Wing Hing Group (BVI) Limited and its subsidiaries to a connected person during the year ended 31 March 2009.

The Remaining Group has disposed its equity interests in Farrell Global Limited and its subsidiaries to an Independent Third Party during the year ended 31 March 2009.

Significant investments or capital assets

Save as the addition of land and buildings and those disclosed under the paragraph headed "Material acquisition and disposals of subsidiaries and associated companies", there were no significant investment or capital assets for the year ended 31 March 2007, 2008 and 2009.

Future plans for material investments or capital assets

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

Contingent liabilities

As at 31 March 2007 and 31 March 2008 the Company had executed guarantees for approximately HK$73,760,000 and HK$73,760,000 respectively 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$2.4 million, HK$2.6 million and HK$2.8 million as at 31 March 2007, 31 March 2008 and 31 March 2009 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 be recognised in the financial statements of the Group for the year ended 31 March 2009 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.

Indebtedness

Save as disclosed under the section headed "Indebtedness" as set out in Appendix III to this circular or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade payable and a promissory note payable, the Remaining 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 on Remaining Group's assets, hire purchase or finance lease commitments, guarantees, capital commitments or other contingent liabilities at the close of the business on 31 July 2009.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Remaining Group since 31 July 2009.

REASONS FOR THE DISPOSAL

The Group is principally engaged in superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration and landscaping works in Hong Kong and the operations of coal mines and leasing of mining licenses in the PRC.

Assuming upon Completion, the businesses of the Group will be operations of coal mines and leasing of mining licences in the PRC. Upon Completion, the Group will have disposed the following business segments of the Group:

(i) superstructure construction;

(ii) foundation piling, substructure works and slope improvement;

(iii) special construction projects;

(iv) interior decoration and landscaping works; and

(v) corporate and others segment, which comprises the Group's investment holding and trading of construction machines.

There will not be any material net proceeds receivable by the Group as a result of the Disposal.

Amidst the international financial crisis and economic jitters, the construction market arising from private property development projects will remain uncertain as a result of diminishing economic activities in Hong Kong, thereby rendering the already highly competitive local construction market even more competitive. Consequently, the possible rebound in the construction market becomes more remote in the short term. Although there was an improvement in the results of the Target Group for the four months ended 31 July 2009 as compared to the results for the year ended 31 March 2009, after considering (i) the Consideration represents a premium over the net liabilities of the Target Group as at 31 July 2009; (ii) the difficulties of operating the construction business after the financial crisis; (iii) the reduction of the number of banking facilities and tightening of terms of the banking facilities provided by the banks to the Group; (iv) the construction operations of the Group had incurred a net loss in each of the two consecutive financial years ended 31 March 2009 and the Group had continued to incur a net loss in the four months ended 31 July 2009; and (v) the intention of the Board to reallocate more resources to the operation of the Coal Mines, the Directors consider that and the Disposal represents a good opportunity for the Group to (i) dispose its loss making businesses; (ii) reduce its capital expenditure commitment and ensure that no operation cash flow will be required to support the construction operations of the Group; and (iii) strengthen the financial position of the Group. As at the Latest Practicable Date, it is estimated that the annual operation cash flow required to support the construction operations of the Target Group to be approximately HK$44,000,000 to approximately HK$64,000,000. The Board is of the view that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

PROSPECTS OF THE REMAINING GROUP

After Completion, the Remaining Group will engage in the and coal mines business.

In a continuously effort to further broaden the Group's income sources, the Directors recognised that the growth in the PRC and other developing counties will increase the demand for coal. The increase in the global demand compounded with the reduction in the amount coal exported by traditional coal exporting counties will led to an increase in the price of coal. In the PRC, the situation of the coal mines has an effect on the price of coal due to the transportation costs. Transportation costs for coal mines situated in Guizhou will be relatively lower as there are a number of potential customers, such as coal driven power stations, in the province. The Board is of the view that the Group's earning asset base and income potentials will be strategically enhanced.

Upon Completion, the Group will no longer be involved in superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration and landscaping works in Hong Kong. In the event that the construction market in Hong Kong becomes highly profitable in the future, the Group may not be in the position to seize such opportunity to engage in the construction businesses.

LISTING RULES IMPLICATIONS

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

The Disposal is subject to, among others things, the approval by the Independent Shareholders at the SGM. The Purchaser, Total Success and their associates, which hold approximately 15.14% of the entire issued share capital of the company as at the Latest Practicable Date, will abstain from voting for the relevant resolution at the SGM to approve the Disposal and the transactions contemplated thereunder due to their interests in the Disposal.

Pursuant to the Listing Rules, the resolution proposed at the SGM will be taken by way of poll and an announcement will be made after the SGM on the results of the SGM.

INDEPENDENT BOARD COMMITTEE

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

SGM

Set out on pages 129 to 130 is a notice convening the SGM to be held at Suite 1901, 19th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 20 October 2009 at 11:00 a.m. at which relevant resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder.

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

RECOMMENDATION

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

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 21 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the Disposal; and (ii) the letter from VC Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from VC Capital is set out on pages 22 to 30 of this circular.

The Independent Board Committee, having taken into account the advice of VC Capital, considers that the Disposal was entered into on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms of the Disposal are fair and reasonable and in the interests of the Group so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM in relation to the Disposal.

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
Peter He
Chairman

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

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

28 September 2009

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 28 September 2009 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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

VC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Disposal was on normal commercial terms and the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 22 to 30 of the Circular. Your attention is also drawn to the letter from the Board set out on page 5 to 20 of the Circular and the additional information set out in the appendices of the Circular.

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

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

Leung Wai Cheung	**Hui Wah Tat, Anthony**	**Li Kam Chung**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purpose only*

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

VC CAPITAL LIMITED
滙盈融資有限公司

28 September 2009

To the Independent Board Committee
and the Independent Shareholders of
Wing Hing International (Holdings) Limited

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal, details of which are contained in the section headed "Letter from the Board" in a circular to the Shareholders dated 28 September 2009 (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 14 September 2009, the Board announced that on 7 September 2009, the Company had entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Purchaser had agreed to acquire and the Company had agreed to sell the Sale Share and the Sale Loan for a consideration of HK$1,000,000, which shall be payable by the Purchaser in cash to the Company at Completion.

The Purchaser, being Mr. Ng Tat Leung, George, was an executive Director and the Chairman of the Company as at the date of the Sale and Purchase Agreement. He was the beneficial owner of 4,917,369 Shares and approximately 92.92% of the entire issued share capital of Total Success which, in turn, held 10,772,700 Shares as at the Latest Practicable Date. The Purchaser and his associates were thus interested in 15,690,069 Shares, representing approximately 15.14% of the entire issued share capital of the Company as at the Latest Practicable Date. Therefore the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal will be subject to the approval of the Independent Shareholders by way of poll at the SGM. The Disposal also constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors who are considered independent in respect of the Disposal, namely, Dr. Leung Wai Cheung, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung, has been formed to advise and make recommendation to the Independent Shareholders as to whether the Disposal is in the ordinary and usual course of business of the Group, whether it is on normal commercial terms, whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole.

In our capacity as the independent financial adviser, our role is to give an independent opinion as to whether the Disposal is in the ordinary and usual course of business of the Group, whether it is on normal commercial terms, whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole.

VC Capital is not associated with the Company and its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the terms of the Disposal. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby VC Capital will receive any fees or benefits from the Company or its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied and the opinions expressed by the executive Directors and senior management of the Group and have assumed that all information and facts supplied and representations made to us are true, accurate and complete. We have also assumed that the information and representations contained or referred to in the Circular (including the appendices to the Circular) were true and accurate at the time when they were prepared or made and will continue to be so up to the date of the SGM. We have also been advised by the executive Directors that no material facts have been omitted from the Circular and in the information provided to us. There is no reason for us to believe that any of the information (including information in the public domain) relied on by us in forming our opinion, or any of the information relied on by any third party expert on whose opinion or advice we rely in forming our opinion is untrue, inaccurate or incomplete or has omitted any material fact.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for advice and have taken reasonable steps as required under Rule 13.80 of the Listing Rules in forming our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied by the Group or obtained from the public domain.

All of the executive Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of Disposal is in the ordinary and usual course of business of the Group, whether it is on normal commercial terms, whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole, we have taken the following principal factors and reasons into consideration.

1. Background of and reasons for the Disposal

Prior to the acquisition of the mining licences in the PRC, the Group was principally engaged in superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration and landscaping works in Hong Kong.

As stated in the circular of the Company dated 29 August 2008, the Group has experienced fierce competition from other market competitors in tendering construction projects in the local construction industry 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 and diversified its business. The Group has acquired five small-scale coal mines in Guizhou, the PRC and the acquisition has been completed in November 2008.

As stated in the Letter from the Board, amidst the international financial crisis and economic jitters, the construction market arising from private property development projects will remain uncertain as a result of diminishing economic activities in Hong Kong, thereby rendering the already highly competitive local construction market even more competitive. The Directors consider that the Disposal represents a good opportunity for the Group to (i) dispose of its loss making businesses; (ii) reduce its capital expenditure commitment and ensure that no operational cash flow will be required to support the construction operations of the Group; and (iii) strengthen the financial position of the Group.

To assess whether the Disposal is on normal commercial terms, whether it is fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole, we have taken into account the following factors and reasons:

1.1 Financial performance of the Group and the Target Group

The table below summarises the audited consolidated financial results of the Group for each of the two years ended 31 March 2009 as extracted from the 2009 annual report of the Company:

Table 1: Extract of the audited consolidated financial results of the Group

	For the year ended 31 March 2009 *HK$'000*	**For the year ended 31 March 2008** *HK$'000*
Revenue		
Construction contract revenue	497,528	493,829
Revenue from sales of goods	–	19,558
Revenue from leasing of mining licences	2,624	–
Total revenue	500,152	513,387
Cost of Sales	(517,487)	(490,108)
Gross (loss)/profit	(17,335)	23,279
Other income	12,811	8,735
Other gains and losses	10,736	(5,642)
Administrative and operating expenses	(29,055)	(34,919)
Share of profits of associates	2,960	21,484
Share of losses of jointly-controlled entities	(31,423)	(4,847)
Finance costs	(22,048)	(484)
(Loss)/Profit before tax	(73,354)	7,606
Income tax expense	(315)	(1,585)
(Loss)/Profit for the year	(73,669)	6,021
Net (loss)/profit attributable to equity holders of the Company	(69,184)	8,104

As stated in the Letter from the Board, according to the respective audited consolidated accounts and the unaudited consolidated management accounts of the Target Group prepared under Hong Kong accounting standards, the net profit/loss and the net worth position of the Target Group for the two years ended 31 March 2009 and for the four months ended 31 July 2009 are as follows:

Table 2: Extract of the respective audited consolidated accounts and the unaudited consolidated management accounts of the Target Group

	For the four months ended 31 July 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*
Net loss after tax	(5,324)	(57,069)	(5,512)
Net assets/liabilities	(42,417)	(36,096)	18,262

As indicated in table 1 above, we note that over 95% of the Group's revenue was mainly derived from its construction and related businesses in the past two financial years. Accordingly, the financial performance of the Group was mainly dependent on the profitability of its construction and related businesses, as well as its share of profits or losses of associates and jointly-controlled entities which are also principally engaged in the construction and related businesses, or in other words, the profitability of the Target Group.

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$513.39 million and a profit attributable to the Shareholders of approximately HK$8.10 million. As confirmed by the Directors, such profit was mainly attributable to the share of profits of an associate whose business was not those operated by the Target Group. According to its unaudited consolidated management accounts, the Target Group recorded a net loss of approximately HK$5.51 million.

For the year ended 31 March 2009, while the Group recorded a slight decrease in turnover of approximately 2.58% from approximately HK$513.39 million to approximately HK$500.15 million, it made a loss attributable to the Shareholders of approximately HK$69.18 million, as compared to a profit attributable to the Shareholders of approximately HK$8.1 million for the year ended 31 March 2008. The deterioration in profitability was mainly attributable to the poor results of the Target Group which recorded an unaudited loss of approximately HK$57.07 million.

For the four months ended 31 July 2009, the Target Group continued to make a loss of approximately HK$5.32 million.

Due to its unsatisfactory results, the net worth of the Target Group turned from net assets of approximately HK$18.26 million as at 31 March 2008 to net liabilities of approximately HK$42.42 million as at 31 July 2009.

Notwithstanding that there is an improvement in the net loss position of the Target Group for the four months ended 31 July 2009, in that the net loss of the Target Group recorded during that period is approximately HK$5.32 million, as compared with a net loss of approximately HK$57.07 million for the year ended 31 March 2009, given that (i) the Group has already recorded a net loss for the previous two consecutive years; (ii) the financial performance of the Group has been mainly dependent on the performance of the Target Group which was unsatisfactory during the period under review; and (iii) the keen competition in the construction industry and the generally declining trend of the construction industry in Hong Kong, as further discussed below, we consider that the Disposal is justifiable and in the interests of the Company and the Shareholders as a whole.

1.2 Construction market in Hong Kong

The table below illustrates selective statistics of gross value of construction work performed by main contractors in Hong Kong over the past eight years:

Table 3: Selective statistics of gross value of construction work performed by main contractors in Hong Kong (2001 – 2008) (at constant (2000) market price)

Year	2001	2002	2003	2004	2005	2006	2007	2008
Construction work								
Private sector sites (in HK$ million)	38,714	42,805	38,433	31,984	30,043	28,107	31,581	33,272
Public sector sites (in HK$ million)	40,510	33,066	34,648	30,615	24,154	18,249	15,340	14,613
Gross value of construction performed by main contractors								
Buildings (in HK$ million)	54,156	54,110	52,318	44,004	40,079	34,505	37,186	37,826
Structures and facilities (in HK$ million)	25,068	21,760	20,764	18,594	14,118	11,851	9,736	10,060

Source: Census and Statistics Department Hong Kong

As indicated in table 3 above, the gross value of construction work in both private and public sector sites mostly recorded a declining trend during the period of 2001 to 2008. The gross value of construction work derived from private sector sites amounted to approximately HK$33,272 million in 2008, which represented a decrease of approximately 14.06% as compared with that in 2001. The gross value of construction work derived from public sector sites amounted to approximately HK$14,613 million in 2008, which represented a decrease of approximately 63.93% as compared with that in 2001.

The gross value of construction performed by main contractors was in a similar declining trend as well during the same period. The gross value derived from construction of buildings amounted to approximately HK$37,826 million in 2008, which represented a decrease of approximately 30.15% as compared with that in 2001. The gross value derived from construction of structures and facilities amounted to approximately HK$10,060 million in 2008, which represented a decrease of approximately 59.87% as compared with that in 2001.

Notwithstanding that there was improvement in the private sector construction market and in the construction of buildings in Hong Kong from 2006 to 2008, and in the construction of structures and facilities from 2007 to 2008, the gross value derived from the private and public sector sites in 2008 decreased by approximately 14.06% and 63.93% respectively as compared with that in 2001, whilst the gross value derived from construction of buildings and structures and facilities in 2008 decreased by approximately 30.15% and 59.87% respectively as compared with that in 2001. Even with the improvement in the construction market in Hong Kong in recent years, such improvement was not reflected in the results of the Target Group, with the Target Group continuing to make a loss during 2008 and 2009. Taking into account that the gross value of construction work and of construction performed by main contractors mostly recorded a declining trend during the period of 2001 to 2008 and the unsatisfactory results of the Target Group during the period under review, we consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Sale and Purchase Agreement

As disclosed in the “Letter from the Board” in the Circular, the consideration of HK$1,000,000 shall be payable by the Purchaser to the Company in cash at Completion. The consideration was determined through arm’s length negotiations between the Purchaser and the Company having taken into account (i) the net liabilities of the Target Group which amounts to approximately HK$42.42 million as at 31 July 2009; and (ii) the Sale Loan, which amounts to approximately HK$35.47 million as at 31 July 2009.

Given that (i) the Target Group recorded substantial loss after tax of approximately HK$5.51 million and approximately HK$57.07 million for the financial years ended 31 March 2008 and 2009 respectively; (ii) it is estimated that the Group would record a gain on disposal of approximately HK$6.95 million after deducting the estimated expenses in connection with the Disposal; (iii) the proceeds of HK$1,000,000 will be applied to cover the costs incurred by the Group in relation to the Disposal; and (iv) the Target Group, which has been loss-making, is acquired by the Purchaser at a consideration which represents a premium over the net liabilities of the Target Group and which could cover the estimated expenses in relation to the Disposal, we consider that the Consideration is fairly and reasonably determined and the Disposal is on normal commercial terms.

3. Financial effects of the Disposal on the Group

Upon Completion, the Company will cease to have any interest in the Target Group and thus the Target will cease to be a subsidiary of the Company.

Effect on net assets

As stated in the section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Appendix II to the Circular, the total assets of the Group is expected to decrease from approximately HK$412.00 million to approximately HK$254.11 million, whilst the total liabilities of the Group is expected to decrease from approximately HK$187.43 million to approximately HK$23.74 million as if the Disposal had been completed as at 31 March 2009. The net assets (including minority interests) of the Group is therefore expected to increase from approximately HK$224.57 million to approximately HK$230.37 million. The Disposal will also increase the net assets attributable to the equity holders of the Company from approximately HK$152.10 million to approximately HK$157.89 million.

Effect on earnings

It is estimated that a one-off net gain from the Disposal of approximately HK$6.95 million would be recorded by the Company, which represents the consideration of HK$1.00 million plus the sale of the Sale Loan of approximately HK$35.47 million less the total net liabilities of the Target Group of approximately HK$42.42 million and the estimated direct expenses attributable to the Disposal of approximately HK$1.00 million. In addition, the financial performance of the Group will not be affected by the loss-making businesses of the Target Group after the Disposal.

Effect on cash flow

The Company will receive a consideration of HK$1,000,000 upon Completion to settle the expenses relating to the Disposal. Therefore, the Disposal is not expected to have any material effect on the cash flow of the Group.

It is noted that the cash and bank balances of the Group as at 31 March 2009 amounted to approximately HK$22.08 million, and that those of the pro forma Remaining Group (as if the Disposal had taken place on 31 March 2009) amount to approximately HK$5.65 million. Despite the fact that a substantial portion of cash and bank balances of the Group as at 31 March 2009 was held by the Target Group, we note that the Group recorded net current liabilities of approximately HK$5.23 million as at 31 March 2009, whilst the pro forma Remaining Group would record net current assets of approximately HK$7.69 million, which indicates that the cash generated from the activities of the Target Group was not sufficient to support its activities. As at the Latest Practicable Date, the Directors estimated that the annual operational cash flow required for supporting the construction operations of the Target Group would be in the region of approximately HK$44.00 million to approximately HK$64.00 million. Having considered that (i) the Group recorded net current liabilities as at 31 March 2009 and that the cash generated from the activities of the Target Group was not sufficient to support its activities; and (ii) upon Completion, the Group would be able to reduce its capital expenditure commitment and no operational cash flow will be required to support the construction operations of the Target Group, the Disposal is expected to have a positive effect of uplifting the Group's cash flow burden in respect of the Target Group.

RECOMMENDATION

Having considered all the above-mentioned principal factors and reasons, notwithstanding that the Disposal is not in the ordinary and usual course of business of the Group, we consider that the Disposal is on normal commercial terms, that the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned, and that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
VC Capital Limited

Philip Chau
Managing Director

Felicia Hui
Director

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.

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

28 September 2009

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

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for each of the three years ended 31 March 2007, 2008 and 2009 (the "Relevant Periods"), for inclusion in the circular dated 28 September 2009 (the "Circular") issued by the Company in connection with the very substantial disposal and connected transaction whereby the Company proposes to dispose of the Sale Shares and the Sale Loan (both terms as defined in the Circular) to Mr. Ng Tat Leung, George.

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

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

Name of subsidiary	Form of business structure, place and date of incorporation and operation	Issued share capital/paid up capital	Percentage equity attributable to the Company	Principal activities
CWS International Trading Limited *(Note (ii))*	Limited liability company incorporated in BVI on 17 January 1996	Ordinary US$10	100% (Direct)	Investment holding
Bless Luck International Limited *(Note (ii))*	Limited liabilities company incorporated in BVI on 6 February 2008	Ordinary US$1	100% (Direct)	Investment holding
Asian Time Development Limited *(Note (ii))*	Limited liability company incorporated in Hong Kong on 20 May 2008	Ordinary HK$1	100% (Direct)	Investment holding
Club Ace Holdings Limited *(Note (ii))*	Limited liability company incorporated in BVI on 1 February 2008	Ordinary US$1	100% (Direct)	Investment holding
W. Hing Construction Company Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 15 December 1989	Ordinary HK$102,300,100 Deferred HK$2,380,000 *(Note (i))*	100% (Indirect)	Superstructure construction
CWF Piling & Civil Engineering Company Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 28 March 1972	Ordinary HK$48,500,000 Deferred HK$1,500,000 *(Note (i))*	100% (Indirect)	Foundation piling
W H China (Holdings) Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 14 May 1996	Ordinary HK$2	100% (Indirect)	Investment holding
W H Interior Design and Contracting Company Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 7 April 1998	Ordinary HK$2	100% (Indirect)	Interior decoration

Name of subsidiary	Form of business structure, place and date of incorporation and operation	Issued share capital/paid up capital	Percentage equity attributable to the Company	Principal activities
JCL Engineering Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 25 September 1998	Ordinary HK$10,000	91% (Indirect)	Environmental engineering
TCL Piling Specialist Limited *(Note (iii))*	Limited liability company incorporated in Hong Kong on 2 August 1999	Ordinary HK$1,920,002	100% (Indirect)	Foundation piling
Union Sense Development Limited *(Note (ii))*	Limited liability company incorporated in BVI on 6 June 2007	Ordinary US$100	70% (Indirect)	Investment holding
Pacific Land International Investments Limited *(Note (ii))*	Limited liability company incorporated in Hong Kong on 12 September 2007	Ordinary HK$1	70% (Indirect)	Investment holding
貴州金億達礦業有限公司 (transliterated as Guizhou Jinyida Mining Company Limited)	Wholly foreign owned enterprise established in PRC on 14 January 2008	Registered Capital US$4,680,000	70% (Indirect)	Leasing of mining licenses and coal mining

Notes:

(i) The deferred shares carry no rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of the company. In the winding-up of a company, holders of the deferred shares are entitled to receive amounts paid-up or credited as paid-up on shares after the holders of the ordinary shares of the company have received a total return of HK$1,000,000,000 per share. As at the date of this report, all these deferred shares were owned by Club Ace Holdings Limited.

(ii) No audited financial statements have been prepared for these companies which were incorporated in a jurisdiction where there were no statutory audit requirements. No audited financial statements have been prepared for Asian Time Development Limited and Pacific Land International Investments Limited since its date of incorporation because it is newly incorporated.

(iii) We have acted as auditors of these companies for each of the three years ended 31 March 2007, 2008 and 2009. The statutory financial statements of these companies for each of the three years ended 31 March 2007, 2008 and 2009 were prepared in accordance with accounting principles generally accepted in Hong Kong.

We have acted as auditors of the Company for each of the Relevant Periods. Audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong for each of the three years ended 31 March 2007, 2008 and 2009.

We have examined the audited consolidated financial statements (the "Underlying Financial Statements") of the Group for the Relevant Periods. Our examination was made in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants.

The consolidated income statements, consolidated cash flow statements and consolidated statements of changes in equity of the Group for each of the Relevant Periods and consolidated balance sheets as at 31 March 2007, 2008 and 2009 as set out in this report have been prepared based on the Underlying Financial Statements for the Relevant Periods for the purpose of preparing our report for inclusion in the Circular. No adjustments were considered necessary.

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

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 March 2007, 2008 and 2009 and of the consolidated results and cash flows of the Group for each of the three years ended 31 March 2007, 2008 and 2009.

I. FINANCIAL INFORMATION

Consolidated income statements

	Notes	Year ended 31 March 2007 HK$'000 (Audited)	Year ended 31 March 2008 HK$'000 (Audited)	Year ended 31 March 2009 HK$'000 (Audited)
Revenue	5	480,292	513,387	500,152
Cost of sales		(425,548)	(490,108)	(517,487)
Gross (loss)/profit		54,744	23,279	(17,335)
Other income	7	43,829	8,735	12,811
Other gains and losses	8	5,713	(5,642)	10,736
Administrative and operating expenses		(68,816)	(34,919)	(29,055)
Share of profits/(losses) of associates		(3,497)	21,484	2,960
Share of losses of jointly-controlled entities		(19,467)	(4,847)	(31,423)
Finance costs	9	(1,007)	(484)	(22,048)
(Loss)/Profit before tax		11,499	7,606	(73,354)
Income tax expense	10	(734)	(1,585)	(315)
(Loss)/Profit for the year	11	10,765	6,021	(73,669)
Attributable to:				
Equity holders of the Company		9,519	8,104	(69,184)
Minority interests		1,246	(2,083)	(4,485)
		10,765	6,021	(73,669)
(Loss)/Earnings per share				
Basic and diluted (HK cents per share)	14	18.97	14.74	(86.95)

Consolidated balance sheets

	Notes	As at 31 March 2007 HK$'000 (Audited)	As at 31 March 2008 HK$'000 (Audited)	As at 31 March 2009 HK$'000 (Audited)
Non-current assets				
Property, plant and equipment	15	21,198	16,594	6,481
Prepaid lease payments	16	675	190,318	–
Mining rights	17	–	–	242,906
Investment property	18	4,800	6,500	–
Goodwill	19	1,943	89,829	–
Interests in associates	20	21,039	22,253	2,804
Interests in jointly-controlled entities	21	9,309	14,792	(12,540)
Available-for-sale investment	22	1	1	–
Amount due from an investee entity	22	16,604	53,796	–
Contract retention receivables	25	2,154	10,484	11,417
Deferred tax assets	23	104	189	–
		77,827	404,756	251,068
Current assets				
Loan receivable	24	–	1,000	1,000
Trade and other receivables	25	122,344	98,496	113,489
Pledged bank deposits	26	16,675	21,860	24,362
Bank balances and cash	26	33,742	58,619	22,082
		172,761	179,975	160,933
Current liabilities				
Trade and other payables	27	81,494	179,217	165,575
Bank borrowings, secured	28	846	–	–
Current tax liabilities		–	669	591
		82,340	179,886	166,166
Net current (liabilities)/assets		90,421	89	(5,233)
Total assets less current liabilities		168,248	404,845	245,835
Capital and reserves				
Share capital	30	54,300	69,000	89,860
Reserves		106,511	132,075	62,238
Equity attributable to the equity holders of the Company		160,811	201,075	152,098
Minority interests		2,951	103,003	72,473
Total equity		163,762	304,078	224,571
Non-current liabilities				
Deferred tax liabilities	23	1,828	2,487	997
Bank borrowings, secured	28	2,658	–	–
Promissory notes	29	–	98,280	20,267
		4,486	100,767	21,264
		168,248	404,845	245,835

Consolidated cash flow statements

	Notes	Year ended 31 March 2007 HK$'000 (Audited)	Year ended 31 March 2008 HK$'000 (Audited)	Year ended 31 March 2009 HK$'000 (Audited)
Operating activities				
(Loss)/Profit for the year		10,765	6,021	(73,669)
Adjustments for:				
Amortization of prepaid lease payments		17	4,642	4,474
Amortization of mining rights		–	–	1,407
Depreciation for property, plant and equipment		4,888	4,480	3,816
(Gain)/Loss on disposal of subsidiaries		(3,843)	2,791	(14,654)
Gain on fair value changes of an investment property		(400)	(1,700)	–
(Gain)/Loss on fair value changes of property, plant and equipment		11	5	(5)
Impairment losses recognized in respect of mining rights		–	–	5,737
Impairment losses recognized in respect of trade receivables		989	1,185	2,858
Impairment losses reversed in respect of trade receivables		(2,246)	(1,155)	(4,614)
Impairment losses recognized in respect of amounts due from associates		–	6,198	–
Interest income		(785)	(1,809)	(4,429)
Loss/(Gain) on disposal of property, plant and equipment		165	(1,365)	8
Gain on disposal of an associate		–	(2)	–
Loss on disposal of a jointly-controlled entity		111	–	–
Gain on early redemption of convertible loan note		–	(48)	–
Bad debts recovered		–	(19)	(66)
Write off of other receivables		–	599	–
Write back of long outstanding payables		(371)	(847)	–
Share of (profits)/losses of associates		3,497	(21,484)	(2,960)
Share of losses of jointly-controlled entities		19,467	4,847	31,423
Finance costs		1,007	484	22,048
Income tax expense		734	1,585	315
Operating cash flows before movements in working capital		34,006	4,408	(28,311)
Trade receivables		6,236	2,525	(7,034)
Balances with jointly-controlled entities		(3,523)	1,435	11,081
Balances with associates		(2,372)	56,427	(17,410)
Balances with related companies		–	–	(681)
Balances with minority shareholders		144	(601)	831
Prepayments, deposits and other receivables		(693)	(1,844)	(39,453)
Trade payables		(10,630)	35,519	46,054
Other payables and accruals		(478)	954	1,726
Cash (used in)/generated from operations		22,690	98,823	(33,197)
Interest paid		(1,007)	(192)	(61)
Hong Kong Profits Tax paid		(48)	–	–
Net cash (used in)/generated by operating activities		21,635	98,631	(33,258)

	Notes	Year ended 31 March 2007 HK$'000 (Audited)	Year ended 31 March 2008 HK$'000 (Audited)	Year ended 31 March 2009 HK$'000 (Audited)
Investing activities				
Interest received		785	1,809	988
Dividends received from jointly-controlled entities		3,560	–	–
Dividends received from an associate		–	–	17,500
Purchase of property, plant and equipment		(291)	(372)	(1,254)
Acquisition of subsidiaries	33	–	(21,475)	(30,000)
Acquisition of assets through acquisition of subsidiaries	33	–	–	(145,615)
Disposal of subsidiaries	33	(14,009)	(536)	45,305
Proceeds from repayment of promissory note receivable		–	–	121,000
Amount advanced to an associate		–	(1,000)	–
Amounts advanced to a jointly-controlled entity		–	(10,330)	(23,749)
Amounts advanced to an investee entity		(3,440)	(37,192)	(96)
Proceeds from disposal of property, plant and equipment		269	4,031	2
(Increase)/Decrease in pledged bank deposits		4,269	(5,185)	(2,502)
Net cash used in investing activities		(8,857)	(70,250)	(18,421)
Financing activities				
Proceeds from issue of ordinary shares		18,100	–	15,530
Share issue expenses		–	–	(388)
Repayment of bank borrowings		(801)	(3,504)	–
Proceeds from new trust receipt loans		24,363	5,960	22,311
Repayment of trust receipt loans		(37,479)	(5,960)	(22,311)
Repayment of term loan		(1,620)	–	–
Proceeds from issue of convertible loan note		–	15,000	–
Payment for early redemption of convertible loan note		–	(15,000)	–
Net cash generated by/(used in) financing activities		2,563	(3,504)	15,142
Net (decrease)/increase in cash and cash equivalents		15,341	24,877	(36,537)
Cash and cash equivalents brought forward		18,401	33,742	58,619
Cash and cash equivalents carried forward		33,742	58,619	22,082
Analysis of balances of cash and cash equivalents				
Bank balances and cash		33,742	58,619	22,082

Consolidated statements of changes in equity

	Attributable to the equity holders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Assets revaluation reserve *HK$'000*	Warrant reserve *HK$'000*	Translation Reserve *HK$'000*	Convertible loan note equity reserve *HK$'000*	Retained profits/ Accumulated loss *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 31 March 2006	36,200	35,491	–	1,781	18,488	1,000	–	–	38,475	131,435	5,087	136,522
Gain on fair value changes of property, plant and equipment	–	–	–	–	2,882	–	–	–	–	2,882	–	2,882
Loss on fair value changes of property, plant and equipment	–	–	–	–	(7)	–	–	–	–	(7)	–	(7)
Deferred tax	–	–	–	–	(1,040)	–	–	–	–	(1,040)	–	(1,040)
Release upon disposal of property, plant and equipment	–	–	–	–	(585)	–	–	–	585	–	–	–
Net income recognized directly in equity	–	–	–	–	1,250	–	–	–	585	1,835	–	1,835
Profit for the year	–	–	–	–	–	–	–	–	9,519	9,519	1,246	10,765
Total income and expenses recognized for the year	–	–	–	–	1,250	–	–	–	10,104	11,354	1,246	12,600
Issue of ordinary shares	18,100	–	–	–	–	–	–	–	–	18,100	–	18,100
Release on disposal of a subsidiary	–	–	–	–	(78)	–	–	–	–	(78)	(3,382)	(3,460)
At 31 March 2007	54,300	35,491	–	1,781	19,660	1,000	–	–	48,579	160,811	2,951	163,762
Gain on fair value changes of property, plant and equipment	–	–	–	–	2,176	–	–	–	–	2,176	–	2,176
Deferred tax	–	–	–	–	487	–	–	–	–	487	–	487
Release upon disposal of property, plant and equipment	–	–	–	–	(4,849)	–	–	–	4,849	–	–	–
Net income recognized directly in equity	–	–	–	–	(2,186)	–	–	–	4,849	2,663	–	2,663
Profit for the year	–	–	–	–	–	–	–	–	8,104	8,104	(2,083)	6,021
Total income and expenses recognized for the year	–	–	–	–	(2,186)	–	–	–	12,953	10,767	(2,083)	8,684

	Attributable to the equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Assets revaluation reserve HK$'000	Warrant reserve HK$'000	Translation Reserve HK$'000	Convertible loan note equity reserve HK$'000	Retained profits/ Accumulated loss HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Recognition of equity component of convertible loan note	–	–	–	–	–	–	–	1,653	–	1,653	–	1,653
Early redemption of convertible loan note	–	–	–	–	–	–	–	(1,653)	244	(1,409)	–	(1,409)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	105,086	105,086
Shares issued on acquisition of subsidiaries	14,700	14,553	–	–	–	–	–	–	–	29,253	–	29,253
Release upon disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(2,951)	(2,951)
At 31 March 2008	69,000	50,044	–	1,781	17,474	1,000	–	–	61,776	201,075	103,003	304,078
Gain on fair value changes of property, plant and equipment	–	–	–	–	3,176	–	–	–	–	3,176	–	3,176
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	7,301	–	–	7,301	5,350	12,651
Deferred tax	–	–	–	–	(380)	–	–	–	–	(380)	–	(380)
Release upon disposal of property, plant and equipment	–	–	–	–	(5)	–	–	–	5	–	–	–
Net income recognized directly in equity	–	–	–	–	2,791	–	7,301	–	5	10,097	5,350	15,447
Loss for the year	–	–	–	–	–	–	–	–	(69,184)	(69,184)	(4,485)	(73,669)
Total income and expenses recognized for the year	–	–	–	–	2,791	–	7,301	–	(69,179)	(59,087)	865	(58,222)
Issue of ordinary shares under a placing agreement	10,860	4,670	–	–	–	–	–	–	–	15,530	–	15,530
Share issue expenses	–	(388)	–	–	–	–	–	–	–	(388)	–	(388)
Acquisition of assets through acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	74,945	74,945
Share issued on acquisition of assets through acquisition of subsidiaries	10,000	–	(800)	–	–	–	–	–	–	9,200	–	9,200
Release upon expiry of warrant	–	–	–	–	–	(1,000)	–	–	1,000	–	–	–
Release upon disposal of subsidiaries	–	–	–	49,781	(6,931)	–	(7,301)	–	(49,781)	(14,232)	(106,340)	(120,572)
At 31 March 2009	89,860	54,326	(800)	51,562	13,334	–	–	–	(56,184)	152,098	72,473	224,571

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.

Notes to the Financial Information

1. GENERAL

Wing Hing International (Holdings) Limited (the "Company") was incorporated on 10 July 1995 in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (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 Financial Information is presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong; and (ii) the operations of coal mines and leasing of mining licenses in the People's Republic of China (the "PRC").

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs	*1*
HKFRSs (Amendments)	Improvements to HKFRSs 2009	*2*
HKAS 1 (Revised)	Presentation of Financial Statements	*3*
HKAS 23 (Revised)	Borrowing Costs	*3*
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	*4*
HKAS 32 & HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	*3*
HKAS 39 (Amendment)	Eligible Hedged Items	*4*
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	*3*
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	*3*
HKFRS 3 (Revised)	Business Combinations	*4*
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments	*3*
HKFRS 8	Operating Segments	*3*
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives	*5*
HK(IFRIC)-Int 13	Customer Loyalty Programmes	*6*
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	*3*
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	*7*
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	*4*
HK(IFRIC)-Int 18	Transfers of Assets from Customers	*8*

Notes:

1. *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*
2. *Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate*
3. *Effective for annual periods beginning on or after 1 January 2009*
4. *Effective for annual periods beginning on or after 1 July 2009*
5. *Effective for annual periods ending on or after 30 June 2009*
6. *Effective for annual periods beginning on or after 1 July 2008*
7. *Effective for annual periods beginning on or after 1 October 2008*
8. *Effective for transfers of assets from customers received on or after 1 July 2009*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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

Goodwill

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

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

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

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

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

Investments in associates

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

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

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

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

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

Jointly-controlled entities

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

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

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

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

When a group entity transacts with a jointly-controlled entity of the Group, unrealized profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity.

Revenue recognition

Revenue from construction contracts is recognized on the percentage of completion basis, as further explained in the accounting policy on construction contracts (see below).

Revenue for sales of goods is recognized when goods are delivered and title has passed.

Revenue from leasing of mining licenses is recognized on a straight-line basis over the terms of the leasing agreements.

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 assets 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 assets 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

Investment properties are properties held to earn rentals and/or for capital appreciation. 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.

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.

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade and other receivables.

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.

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 accounted for as operating leases and amortized over the lease term on a straight-line basis.

Foreign currencies

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. To the extent that fixed-rated bank borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflected the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

Mining rights

Mining rights are stated at cost less accumulated amortization and impairment losses. The mining rights are amortized using the unit-of-production method based on the total proven and probable mineral reserves, which are reviewed at least at each balance sheet date.

Impairment of tangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under the standard.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation increase under that standard.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables 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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL 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 is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL 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 FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets.

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 amount due from an investee entity, loan receivable, trade and other receivables, pledged bank deposits, and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated certain unlisted equity securities as available-for sale financial assets.

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 (see accounting policy in respect of impairment loss on financial assets below).

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 (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount 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 loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL 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 is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL 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 FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

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

Convertible loan notes

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

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

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

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options which are conditional upon satisfying specified vesting conditions, 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). The impact of the revision of the original estimates during the vesting period, if any, is recognized in profit or loss with a corresponding adjustment to share options reserve.

For share options which are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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.

Share options granted to suppliers or consultants

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. 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 (share options reserve).

Cash-settled share-based payment transactions

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Impairment of mining rights

The Group assesses whether there are any indicators of impairment for mining rights at each reporting date. Mining rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Impairment loss of trade 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 trade 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 trade and other receivables may be required.

Impairment loss on amounts due from an investee entity, associates and jointly-controlled entities

Management regularly reviews the recoverability of the amounts due from an investee entity, associates and jointly-controlled entities. Appropriate impairment for estimated irrecoverable amount is recognized in profit and loss when there is objective evidence that the amount is not recoverable. Specific allowance is only made for the amounts due from an investee entity, associates and jointly-controlled entities that the management assessed that the recovery of the amounts is doubtful.

Expected useful lives of mining rights and mine reserves

The Group's management has determined the estimated useful lives of its mining rights based on the proven and probable reserves. The directors of the Company are of the opinion that the Group will be able to continuously renew the mining rights and the business licenses of respective mining subsidiary at minimal charges. Accordingly, the Group has used the proven and probable reserves as a basis for estimation of the useful lives of its mining rights.

Amortization rate is determined based on estimated proven and probable mine reserve quantities with reference to the independent technical assessment report. The capitalized costs of the mining rights are amortized using the units-of-production method. Any change to the estimated proven and probable mine reserves will affect the amortization charge of the mining rights.

Proven and probable mine reserve estimates are updated at regular basis taking into account production and technical information about the mines. In addition, as prices and cost levels change from year to year, the estimate of proven and probable mine reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortization rate.

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Capital risk management

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

The capital structure of the Group consists of debt (which includes trade and other payables, bank borrowings and promissory notes), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

Gearing ratio

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

	Year ended 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2009 HK$'000
Debt *(i)*	84,998	277,497	185,842
Cash and cash equivalents	(33,742)	(58,619)	(22,082)
Net debt	51,256	218,878	163,760
Equity *(ii)*	163,762	304,078	224,571
Net debt to equity ratio	31%	72%	73%

Notes:

(i) Debt comprises trade and other payables, bank borrowings and promissory notes as detailed in notes 27, 28 and 29 respectively.

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

4.2 Financial instruments

Categories of financial instruments

	Notes	As at 31 March 2007 HK$'000	As at 31 March 2008 HK$'000	As at 31 March 2009 HK$'000
Financial assets				
Loans and receivables:				
– Amount due from an investee entity	*22*	16,604	53,796	–
– Loan receivable	*24*	–	1,000	1,000
– Trade and other receivables	*25*	118,780	91,572	119,961
– Pledged bank deposits	*26*	16,675	21,860	24,362
– Bank balances and cash	*26*	33,742	58,619	22,082
		185,801	226,847	167,405
Available-for-sale financial asset:				
– Available-for-sale investment	*22*	1	1	–
Financial liabilities				
Amortized cost:				
– Trade and other payables	*27*	69,638	141,884	79,680
– Bank borrowings, secured	*28*	3,504	–	–
– Promissory notes	*29*	–	98,280	20,267
		73,142	240,164	99,947

Financial risk management objectives and policies

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

Market risks

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Foreign currency risk

During the Relevant Periods, the Group mainly operated in Hong Kong and the majority of the Group's transactions and balances were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and 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.

Interest rate risk

The Group is not exposed to significant fair value interest rate risk and cash flows interest rate risk. 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.

Price risk

As the Group has no significant investments, the Group is not subject to significant price risk.

Credit risk

The Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge on obligation by the counterparties is arising from the carrying amounts of the respective recognized financial 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 the recoverable amount of each individual receivable at each balance sheet date 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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for over 90% of the total trade receivables as at the balance sheet dates. In addition, the Group has concentration risk on the amounts due from an investee entity, a jointly-controlled entity and an associate:

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Amount due from an investee entity	16,604	53,796	–
Amount due from a jointly-controlled entity	4,212	12,506	34,080
Amount due from an associate	10,900	14,000	13,745

The Group has certain concentration risk on the Group's trade receivables due from the Group's largest customer and the five largest customers as follows:

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	%	*%*	*%*
The largest customer	25	22	41
The five largest customers	62	72	84

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.

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	On demand or within 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities					
At 31 March 2007					
Trade and other payables	69,638	–	–	69,638	69,638
Bank borrowings	1,051	2,890	–	3,941	3,504
At 31 March 2008					
Trade and other payables	141,884	–	–	141,884	141,884
Promissory note	–	120,000	–	120,000	98,280
At 31 March 2009					
Trade and other payables	79,680	–	–	79,680	79,680
Promissory note	–	24,000	–	24,000	20,267

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

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

5. **REVENUE**

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

	Year ended 31 March 2007 *HK$'000*	Year ended 31 March 2008 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Construction contract revenue	447,385	493,829	497,528
Revenue from sales of goods	32,907	19,558	–
Revenue from leasing of mining licenses	–	–	2,624
	480,292	513,387	500,152

6. **BUSINESS AND GEOGRAPHICAL SEGMENTS**

Business segments

For management purposes, the Group is currently organized into six 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;

(e) Energy-related investments, including (i) the operation of coal mines and leasing of mining licenses in the PRC (which was acquired during the year ended 31 March 2009), and (ii) the development and management of a series of sophora products and of biological vegetable oil in the PRC (which was disposed of during the year ended 31 March 2009); and

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

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

Segment information about these businesses is presented below.

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Energy-related investments HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2009								
REVENUE								
External sales	493,320	3,406	–	802	2,624	–	–	500,152
Inter-segment sales	–	39,918	–	10,170	–	–	(50,088)	–
Total	493,320	43,324	–	10,972	2,624	–	(50,088)	500,152
RESULT								
Segment result	(4,744)	(6,083)	–	724	(8,992)	14,745	(160)	(4,510)
Unallocated other income, other gains and losses								4,434
Unallocated corporate expenses								(22,767)
Share of profits/(losses) of								
– associates								2,960
– jointly-controlled entities								(31,423)
Finance costs								(22,048)
Loss before tax								(73,354)
Income tax expense								(315)
Loss for the year								(73,669)
BALANCE SHEET								
ASSETS								
Segment assets	116,839	9,977	–	17	245,799	2,661	–	375,293
Interests in associates	2,804	–	–	–	–	–	–	2,804
Interests in jointly-controlled entities	–	(12,540)	–	–	–	–	–	(12,540)
Unallocated corporate assets								46,444
Consolidated total assets								412,001
LIABILITIES								
Segment liabilities	118,648	31,266	–	13,776	727	1,158	–	165,575
Unallocated corporate liabilities								21,855
Consolidated total liabilities								187,430
OTHER INFORMATION								
Capital additions	47	–	–	–	250,050	1,207	–	251,304
Depreciation and amortization	242	3,265	–	–	5,881	309	–	9,697
Gain on fair value changes of property, plant and equipment	–	(5)	–	–	–	–	–	(5)
Impairment losses on mining rights	–	–	–	–	5,737	–	–	5,737
Impairment losses on trade receivables	2,317	541	–	–	–	–	–	2,858
Impairment losses reversed on trade receivables	(4,303)	(299)	–	(12)	–	–	–	(4,614)
Loss on disposal of property, plant and equipment	8	–	–	–	–	–	–	8
Gain on disposal of subsidiaries	–	–	–	–	–	(14,654)	–	(14,654)

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Energy-related investments HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2008								
REVENUE								
External sales	484,139	9,609	–	81	–	19,558	–	513,387
Inter-segment sales	–	19,489	–	46,887	–	–	(66,376)	–
Total	484,139	29,098	–	46,968	–	19,558	(66,376)	513,387
RESULT								
Segment result	18,889	6,915	–	3,276	(4,626)	1,136	(11)	25,579
Unallocated other income, other gains and losses								(5,197)
Unallocated corporate expenses								(28,929)
Share of profits/(losses) of								
– associates								21,484
– jointly-controlled entities								(4,847)
Finance costs								(484)
Profit before tax								7,606
Income tax expense								(1,585)
Profit for the year								6,021
BALANCE SHEET								
ASSETS								
Segment assets	99,290	13,205	–	192	279,488	74,322	521	467,018
Interests in associates	–	–	–	–	–	22,253	–	22,253
Interests in jointly-controlled entities	646	1,927	(7,012)	–	–	19,231	–	14,792
Unallocated corporate assets								80,668
Consolidated total assets								584,731
LIABILITIES								
Segment liabilities	93,494	6,916	–	7,565	23	71,219	–	179,217
Unallocated corporate liabilities								101,436
Consolidated total liabilities								280,653
OTHER INFORMATION								
Capital additions	–	53	–	–	284,114	319	–	284,486
Depreciation and amortization	237	2,457	–	2	4,626	1,800	–	9,122
Loss on fair value changes of property, plant and equipment	–	5	–	–	–	–	–	5
Impairment losses on trade receivables	144	775	–	221	–	45	–	1,185
Impairment losses reversed on trade receivables	(420)	(30)	–	(705)	–	–	–	(1,155)
Impairment losses on amounts due from associates	6,198	–	–	–	–	–	–	6,198
Gain on disposal of property, plant and equipment	12	132	–	–	–	(1,509)	–	(1,365)
Loss on disposal of subsidiaries	–	(932)	–	–	–	3,723	–	2,791
Gain on disposal of an associate	–	–	–	–	–	(2)	–	(2)
Gain on fair value changes of investment property	–	–	–	–	–	(1,700)	–	(1,700)
Write back of long-outstanding payables	(847)	–	–	–	–	–	–	(847)
Write off of other receivables	599	–	–	–	–	–	–	599

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2007							
REVENUE							
External sales	400,745	31,466	1,653	13,521	32,907	–	480,292
Inter-segment sales	–	1,704	–	32,082	–	(33,786)	–
Total	400,745	33,170	1,653	45,603	32,907	(33,786)	480,292
RESULT							
Segment result	43,720	46,466	(2,034)	7,672	2,014	(50)	97,788
Unallocated other income, other gains and losses							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
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 trade receivables	130	649	–	210	–	–	989
Impairment losses reversed on trade receivables	(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)

Inter-segment sales are charged at prevailing market rates.

Geographical segments

As over 90% of the Group's revenue is derived from customers based in Hong Kong, no further analysis of the Group's segment revenue by geographical area is presented.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, land use right and intangible assets, analyzed by the geographical area in which the assets are located:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Assets located in			
– Hong Kong	220,240	268,194	175,938
– PRC	–	279,492	245,799
	220,240	547,686	421,737
Interests in associates	21,039	22,253	2,804
Interests in jointly-controlled entities	9,309	14,792	(12,540)
	250,588	584,731	412,001
Capital expenditure			
– Hong Kong	291	372	1,254
– PRC	–	284,114	250,050
	291	284,486	251,304

7. OTHER INCOME

	Year ended 31 March 2007 *HK$'000*	Year ended 31 March 2008 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Service fee income from:			
– jointly-controlled entities	40,366	1,549	989
– associates	370	2,045	4,597
– independent third parties	765	972	550
	41,501	4,566	6,136
Interest income on bank deposits	785	1,796	868
Effective interest income on promissory note receivables	–	–	2,002
Interest income on loan to an associate	–	13	120
Interest income on a trade receivable	–	–	1,439
Rental income from investment property	128	22	–
Rental income from machinery held for operating lease purposes	167	1,308	745
Others	1,248	1,030	1,501
	43,829	8,735	12,811

8. OTHER GAINS AND LOSSES

	Year ended 31 March 2007 *HK$'000*	Year ended 31 March 2008 *HK$'000*	Year ended 31 March 2009 *HK$'000*
(Loss)/Gain on disposal of property, plant and equipment	(165)	1,365	(8)
Gain on early redemption of convertible loan note	–	48	–
Gain/(Loss) on disposal of subsidiaries	3,843	(2,791)	14,654
Gain on disposal of an associate	–	2	–
Loss on disposal of a jointly-controlled entity	(111)	–	–
Gain/(Loss) on fair value changes of property, plant and equipment	(11)	(5)	5
Impairment losses recognized in respect of mining rights	–	–	(5,737)
Impairment losses recognized in respect of trade receivables	(989)	(1,185)	(2,858)
Impairment losses reversed in respect of trade receivables	2,246	1,155	4,614
Impairment losses recognized in respect of amounts due from associates	–	(6,198)	–
Write off of other receivables	–	(599)	–
Write back of long outstanding payables	371	847	–
Gain on fair value changes of an investment property	400	1,700	–
Bad debts recovered	–	19	66
Others	129	–	–
	5,713	(5,642)	10,736

9. FINANCE COSTS

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank borrowings			
– wholly repayable within five years	1,007	192	57
Effective interest expense on promissory note payable	–	–	21,987
Effective interest expense on convertible loan note	–	292	–
Others	–	–	4
	1,007	484	22,048

No borrowing costs were capitalized during the Relevant Periods.

10. INCOME TAX EXPENSE

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Current tax			
– Hong Kong	547	669	–
– PRC Enterprise Income Tax	–	–	591
Deferred tax	187	916	(276)
Tax charge for the year	734	1,585	315

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2009 (2007 and 2008: 17.5%).

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 March 2009 (2008: 33%). No PRC income tax has been provided in respect of the Group's PRC subsidiary since the PRC subsidiary had no taxable profit for the year ended 31 March 2008.

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

	Year ended 31 March 2007	**Year ended 31 March 2008**	**Year ended 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
(Loss)/Profit before tax	11,499	7,606	(73,354)
Notional tax on (loss)/profit before tax, calculated at the tax rates applicable to the (loss)/profit	2,012	1,331	(12,103)
Tax effect of income not taxable for tax purpose	(1,977)	(2,181)	(4,013)
Tax effect of expenses not deductible for tax purpose	1,028	4,593	11,656
Utilization of tax losses previously not recognized	(5,011)	(2,093)	(135)
Effect of different tax rates of group entities operating in jurisdictions other than Hong Kong	–	–	201
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	–	–	11
Others	4,682	(65)	4,698
Tax charge for the year	734	1,585	315

11. (LOSS)/PROFIT FOR THE YEAR

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

	Year ended 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2009 HK$'000
Depreciation for property, plant and equipment	4,888	4,480	3,816
Less: Amounts capitalized in construction contracts	(3,677)	(2,358)	(3,165)
	1,211	2,122	651
Amortization of prepaid lease payments	17	4,642	4,474
Amortization of mining rights (included in cost of sales)	–	–	1,407
Total depreciation and amortization	1,228	6,764	6,532
Auditors' remuneration	610	834	1,004
Net foreign exchange (gains)/losses	81	233	(3)
Gross rental income from investment property	(128)	(22)	–
Less: Direct operating expenses from investment property that generated rental income during the year	32	25	–
	(96)	3	–
Minimum lease payments paid under operating leases during the year:			
Leasehold land and buildings	1,115	437	1,871
Less: Amounts capitalized in construction contracts	(442)	–	–
	673	437	1,871
Plant and machinery	3,117	676	425
Less: Amounts capitalized in construction contracts	(3,117)	(676)	(425)
	–	–	–
	673	437	1,871
Employee benefits expense (including directors' remuneration):			
Wages and salaries	81,685	46,950	45,735
Contributions to retirement benefits schemes	3,035	1,462	1,231
	84,720	48,412	46,966
Less: Amounts capitalized in construction contracts	(23,860)	(13,955)	(13,692)
	60,860	34,457	33,274
Cost of services and inventories recognized as an expense	425,548	490,108	517,487
Share of tax of associates (included in share of results of associates)	90	4,722	987
Share of tax of a jointly-controlled entity (included in share of results of jointly-controlled entities)	155	158	149

12. DIRECTORS' EMOLUMENTS

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

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2009				
Executive Directors				
Mr. Ng Tat Leung, George	–	1,671	12	1,683
Mr. Wong Teck Ming	–	1,280	12	1,292
Mr. Lui Siu Yee, Samuel	–	772	12	784
Mr. Chan Wai Keung, Ivan (resigned on 29 April 2008)	–	8	–	8
Ms. Leung Pui Kwan	–	–	–	–
Mr. Peter He (appointed on 18 September 2008)	–	–	–	–
Independent Non-Executive Directors				
Mr. Wong Lit Chor, Alexis	100	–	–	100
Dr. Leung Wai Cheung	100	–	–	100
Mr. Hui Wah Tat, Anthony	50	–	–	50
Total	250	3,731	36	4,017
For the year ended 31 March 2008				
Executive Directors				
Mr. Ng Tat Leung, George	–	1,569	12	1,581
Mr. Wong Teck Ming	–	1,246	12	1,258
Mr. Lui Siu Yee, Samuel	–	770	12	782
Mr. Chan Wai Keung, Ivan	–	803	12	815
Mr. Lo Chung Sun, Simon (resigned on 7 March 2008)	–	1,089	11	1,100
Mr. Leung Pui Kwan (appointed on 7 March 2008)	–	–	–	–
Independent Non-Executive Directors				
Mr. Wong Lit Chor, Alexis	100	–	–	100
Mr. Lo Ka Wai (resigned on 7 March 2008)	120	–	–	120
Dr. Leung Wai Cheung	100	–	–	100
Mr. Hui Wah Tat, Anthony (appointed on 7 March 2008)	–	–	–	–
Total	320	5,477	59	5,856

	Fees	Salaries and other benefits	Contributions to retirement benefits schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2007				
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 Directors				
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

During the Relevant Periods, 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.

For the year ended 31 March 2009, Ms. Leung Pui Kwan, Mr. Peter He and Mr. Hui Wah Tat, Anthony waived emoluments of HK$480,000, HK$600,000 and HK$30,000, respectively. None of the directors has waived any emoluments for the two years ended 31 March 2007 and 2008.

The amounts of directors' emoluments which are directly attributable to construction activities and capitalized in construction contracts amounted to approximately HK$716,000, HK$1,108,000 and HK$1,108,000 for each of the three years ended 31 March 2007, 2008 and 2009, respectively.

The directors' emoluments shown above do not include the estimated monetary value of the Group's owned premises provided rent-free to a director. The estimated rental value of such accommodation was approximately HK$96,000 and HK$96,000 for each of the two years ended 31 March 2007 and 2008, respectively. No such arrangement for the year ended 31 March 2009.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group for each of the three years ended 31 March 2007, 2008 and 2009, 4, 4 and 3 respectively were directors of the Company whose emoluments are included in the disclosures in Note 12 above. The emoluments of the remaining individuals were as follows:

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other benefits	2,650	1,060	1,770
Contributions to retirement benefits schemes	5	12	24
	2,655	1,072	1,794

Their emoluments were within the following bands:

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
Number of individuals			
Nil-HK$1,000,000	–	–	2
HK$1,000,001-HK$1,500,000	–	1	–
HK$2,500,001-HK$3,000,000	1	–	–
	1	1	2

14. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
(Loss)/Earnings			
(Loss)/Earnings for the purpose of basic (loss)/earnings per share ((Loss)/Profit for the year attributable to the equity holders of the Company)	9,519	8,104	(69,184)
Number of shares (in thousand)			
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	50,184	54,983	79,572

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 Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

	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 2006	9,700	11,928	9,601	1,245	32,474
Additions	–	39	46	206	291
Disposals	–	(2)	–	(432)	(434)
Disposal of subsidiaries	–	(469)	(1,045)	(154)	(1,668)
Revaluation	300	(1,580)	–	(195)	(1,475)
At 31 March 2007	10,000	9,916	8,602	670	29,188
Additions	–	–	26	346	372
Disposals	–	(2,491)	–	(175)	(2,666)
Disposal of subsidiaries	–	–	(35)	–	(35)
Revaluation	(29)	(1,832)	–	(120)	(1,981)
At 31 March 2008	9,971	5,593	8,593	721	24,878
Additions	–	–	1,254	–	1,254
Disposals	–	–	–	(10)	(10)
Disposal of subsidiaries	(9,971)	(528)	(935)	(63)	(11,497)
Revaluation	–	(282)	–	(27)	(309)
At 31 March 2009	–	4,783	8,912	621	14,316
Analysis of cost or valuation					
At 31 March 2007					
At cost	–	–	8,602	–	8,602
At valuation	10,000	9,916	–	670	20,586
	10,000	9,916	8,602	670	29,188
At 31 March 2008					
At cost	–	–	8,593	–	8,593
At valuation	9,971	5,593	–	721	16,285
	9,971	5,593	8,593	721	24,878
At 31 March 2009					
At cost	–	–	8,912	–	8,912
At valuation	–	4,783	–	621	5,404
	–	4,783	8,912	621	14,316
DEPRECIATION					
At 1 April 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
Provided for the year	250	3,612	328	290	4,480
Eliminated on disposal of subsidiaries	–	–	(34)	–	(34)
Eliminated on revaluation	(250)	(3,612)	–	(290)	(4,152)
At 31 March 2008	–	–	8,284	–	8,284
Provided for the year	–	3,185	326	305	3,816
Eliminated on disposal of subsidiaries	–	–	(775)	–	(775)
Eliminated on revaluation	–	(3,185)	–	(305)	(3,490)
At 31 March 2009	–	–	7,835	–	7,835
CARRYING AMOUNTS					
At 31 March 2009	–	4,783	1,077	621	6,481
At 31 March 2008	9,971	5,593	309	721	16,594
At 31 March 2007	10,000	9,916	612	670	21,198

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 and 2008, 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 2008 at HK$9,971,000 (2007: HK$10,000,000) by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. Asset Appraisal Limited is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. For the year ended 31 March 2008, the gain on revaluation of approximately HK$221,000 (2007: HK$542,000) was credited to the assets revaluation reserve.

The fair value of the Group's plant and machinery at 31 March 2009 of approximately HK$4,783,000 (2008: HK$5,593,000; 2007: HK$9,916,000) was arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK$2,903,000 (2008: HK$1,780,000; 2007: HK$2,135,000) was credited to the assets revaluation reserve.

The fair value of the Group's motor vehicles at 31 March 2009 of approximately HK$621,000 (2008: HK$721,000; 2007: HK$670,000) was arrived at on the basis of a valuation carried out at that date by Asset Appraisal Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK$273,000 (2008: HK$175,000; 2007: HK$198,000) was credited to the assets revaluation reserve and a gain on revaluation of approximately HK$5,000 (2008: a loss on revaluation of approximately HK$5,000; 2007: a loss on revaluation of approximately HK$11,000) was charged to the consolidated income statement.

The directors believe that the carrying value of furniture and equipment at the balance sheet dates 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.

16. PREPAID LEASE PAYMENTS

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
The Group's prepaid lease payments comprise:			
Land in Hong Kong			
Medium lease term	675	659	–
Land outside Hong Kong			
Medium lease term	–	189,659	–
	675	190,318	–

17. MINING RIGHTS

	HK$'000
COST	
Acquired through acquisition of subsidiaries and at 31 March 2009	250,050
AMORTIZATION AND IMPAIRMENT	
Amortization provided for the year	1,407
Impairment losses recognized for the year	5,737
At 31 March 2009	7,144
CARRYING AMOUNTS	
At 31 March 2009	242,906

The mining rights represent the rights to conduct mining activities in various coal mines situated in Guizhou Province, the PRC.

The Group has recognized impairment losses of approximately HK$5,737,000 for the year ended 31 March 2009 as a result of an impairment testing conducted by management taking into account an independent professional valuation on the mining rights at 31 March 2009.

18. INVESTMENT PROPERTY

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
FAIR VALUE			
Balance brought forward	4,400	4,800	6,500
Net increase in fair value	400	1,700	–
Disposal of subsidiaries	–	–	(6,500)
Balance carried forward	4,800	6,500	–

The fair value of the Group's investment property at 31 March 2008 was arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

At 31 March 2007 and 2008, 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

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
COST AND CARRYING AMOUNTS			
Balance brought forward	2,308	1,943	89,829
Acquired on acquisition of subsidiaries	–	89,829	–
Eliminated on disposal of a subsidiary	(365)	(1,943)	(89,829)
Balance carried forward	1,943	89,829	–

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

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Trading of plastic products			
– Supertact Plastics Company Limited (single CGU)	1,943	–	–
Development and management of a series of sophora products and of biological oil			
– Inner Mongolia Meng Wei Biodiesel and Environmental Protection Products Company Limited	–	89,829	–
	1,943	89,829	–

The recoverable amount of the trading of plastic products was 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 had been extrapolated using a steady 7.5% per annum growth rate, which were determined by management based on past performance and its expectation of market development. Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

The recoverable amount of the development and management of a series of sophora products and of biological oil in the PRC was determined based on a value in use calculation which used cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 4% per annum. Cash flows beyond that five-year period had been extrapolated using a steady 3% per annum growth rate, which was determined by management based on its expectation of market development.

20. INTERESTS IN ASSOCIATES

	As at 31 March 2007 HK$'000	As at 31 March 2008 HK$'000	As at 31 March 2009 HK$'000
Cost of investment in associates			
Unlisted	4,787	4,787	4,783
Share of post-acquisition results, net of dividends received	(3,913)	17,466	(1,979)
	874	22,253	2,804
Amounts due from associates	32,120	15,007	14,917
Less: accumulated impairment	(877)	(7,075)	(7,075)
	31,243	7,932	7,842
Less: Amounts due from associates classified as current	(11,078)	(7,932)	(7,842)
	20,165	–	–
	21,039	22,253	2,804

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

Name of entity	Form of business structure	Place of incorporation and operations	Proportion of nominal value of issued capital held by the Group: As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	Principal activities
Design Landscapes International (HK) Company Limited	Limited liability company	Hong Kong	50%	50%	50%	Provision of landscaping services
Design Landscapes International (Group) Company Limited	Limited liability company	Hong Kong	50%	50%	50%	Provision of landscaping services
King Fine Development Limited	Limited liability company	Hong Kong	35%	35%	–	Property development
Powerluck Properties Limited	Limited liability company	BVI	35%	–	–	Property development
Hypsos Leisure Asia Limited	Limited liability company	Hong Kong	42.5%	42.5%	42.5%	Exhibition project management
Hypsos Leisure Asia Macau Limited	Limited liability company	Macau	–	–	42.5%	Exhibition project management

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

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

	As at and for the year ended 31 March 2007	**As at and for the year ended 31 March 2008**	**As at and for the year ended 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	196,507	261,716	27,932
Total liabilities	(196,326)	(207,023)	(30,031)
Net (liabilities)/assets	181	54,693	(2,099)
Group's share of net assets of associates	874	22,253	2,804
Revenue	71,110	176,358	81,419
Profit/(Loss) for the year	(8,945)	50,564	7,200
Group's share of profits/(losses) of associates for the year	(3,497)	21,484	2,960

The Group has discontinued the recognition of its share of losses of Design Landscapes International (HK) Company Limited and Design Landscapes International (Group) Company Limited because the share of losses of associates exceeded the Group's interests in these associates. The Group's unrecognized share of losses of these associates for the current year and cumulatively was nil (2008: HK$3,953,000) and HK$4,341,000 (2008: HK$4,422,000), respectively.

21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Cost of investment in jointly-controlled entities			
Unlisted	34,639	34,639	–
Share of post-acquisition results, net of dividends received	(25,330)	(30,177)	(46,620)
	9,309	4,462	(46,620)
Amounts due from jointly-controlled entities	8,652	15,014	36,590
	17,961	19,476	(10,030)
Less: Amounts due from jointly-controlled entities classified as current	(8,652)	(4,684)	(2,510)
	9,309	14,792	(12,540)

The Group had provided undertakings of financial support to certain of the Group's jointly-controlled entities in proportion to its equity interests in these entities, in order that these entities could meet their obligations and liabilities as and when they fall due. Accordingly, the Group's share of the net deficiency in assets of these jointly-controlled entities at 31 March 2009 has already been accounted for in presenting the Group's financial statements for the year ended 31 March 2009.

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

			Proportion of voting power held by the Group/Proportion of nominal value of issued capital held by the Group			
Name of entity	**Form of business structure**	**Place of incorporation/ registration and operations**	**As at 31 March 2007**	**As at 31 March 2008**	**As at 31 March 2009**	**Principal activities**
Costain-China Harbour Joint Venture	Unincorporated	Hong Kong	33-1/3%/40%	33-1/3%/40%	33-1/3%/40%	Foundation piling works
CHEC-CWF Limited	Limited liability company	Hong Kong	30%/30%	30%/30%	30%/30%	Highway maintenance
China Harbour-Transfield Joint Venture	Unincorporated	Hong Kong	25%/15.3%	25%/15.3%	25%/15.3%	Drainage improvement
China Harbour-CWF Joint Venture	Unincorporated	Hong Kong	50%/49%	50%/49%	50%/49%	Foundation piling works
MLL-CWF Joint Venture	Unincorporated	Hong Kong	50%/40%	50%/40%	50%/40%	Foundation piling works
Excel-China Harbour Joint Venture	Unincorporated	Hong Kong	–	15%/15%	15%/15%	Fresh Water plumbing work
Veolia Water (Zhuhai) Wastewater Treatment Company Limited	Sino-foreign co-operative joint venture	PRC	50%/40%	50%/40%	–	Provision of wastewater treatment service
Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited	Sino-foreign co-operative joint venture	PRC	20%/39%	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:

	As at and for the year ended 31 March 2007	As at and for the year ended 31 March 2008	As at and for the year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Total assets	378,923	378,486	54,939
Total liabilities	(365,967)	(391,847)	(202,631)
Net (liabilities)/assets	12,956	(13,361)	(147,692)
Group's share of net (liabilities)/assets of jointly-controlled entities	9,309	4,462	(46,620)
Revenue	412,994	549,233	395,163
Loss for the year	(68,134)	(31,202)	(96,525)
Group's share of losses of jointly-controlled entities for the year	(19,467)	(4,847)	(31,423)

22. AVAILABLE-FOR-SALE INVESTMENT

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Unlisted equity securities	1	1	–

Notes:

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

(ii) The amount due from an investee entity, Wealthy Star Development Limited, of approximately HK$16,604,000 and HK$53,796,000 at 31 March 2007 and 2008, respectively was unsecured, interest-free and had no fixed terms of repayment.

23. DEFERRED TAXATION

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

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of assets	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2006	(140)	1,772	1,632
Charge to consolidated income statement for the year	140	–	140
Charge to equity for the year	–	1,040	1,040
At 31 March 2007	–	2,812	2,812
Charge to consolidated income statement for the year	818	–	818
Charge to equity for the year	–	(487)	(487)
At 31 March 2008	818	2,325	3,143
Credit to consolidated income statement for the year	(131)	–	(131)
Release upon disposal of subsidiaries	(687)	(718)	(1,405)
Change to equity for the year	–	380	380
At 31 March 2009	–	1,987	1,987

Deferred tax assets

	Tax losses	Decelerated tax depreciation	Revaluation of assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	1,011	–	124	1,135
Credit/(charge) to consolidated income statement for the year	(403)	356	–	(47)
At 31 March 2007	608	356	124	1,088
Release on disposal of a subsidiary	(144)	(1)	–	(145)
Credit/(charge) to consolidated income statement for the year	381	(355)	(124)	(98)
At 31 March 2008	845	–	–	845
(Charge)/Credit to consolidated income statement for the year	(196)	341	–	145
At 31 March 2009	649	341	–	990

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

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax liabilities	1,828	2,487	997
Deferred tax assets	(104)	(189)	–
	1,724	2,298	997

At 31 March 2009, the Group has unused tax losses of HK$58,974,000 available for offset against future profits. A deferred tax asset has been recognized in respect of approximately HK$3,936,000 of such losses. No deferred tax asset has been recognized in respect of the remaining HK$55,038,000 due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

24. LOAN RECEIVABLE

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Loan to an associate	–	1,000	1,000

The Group has provided a short-term loan to an associate which is unsecured and has no fixed terms of repayment. The effective interest for the year ended 31 March 2008 and 2009 is 12% per annum.

25. TRADE AND OTHER RECEIVABLES

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Accounts receivable	75,214	68,998	85,350
Less: allowance for doubtful debts	(27,333)	(27,491)	(18,448)
	47,881	41,507	66,902
Contract retention receivables	33,606	35,344	42,769
Less: allowance for doubtful debts	(9,859)	(9,444)	(11,345)
	23,747	25,900	31,424
Less: contract retention receivables classified as non-current assets	(2,154)	(10,484)	(11,417)
Retentions held by contract customers included in trade receivables under current assets	21,593	15,416	20,007
Amounts due from contract customers	25,883	26,603	4,540
Total trade receivables as shown under current assets	95,357	83,526	91,449
Prepayments, deposits and other receivables	2,794	2,354	11,007
Amounts due from jointly-controlled entities	8,652	4,684	2,510
Amounts due from associates	11,078	7,932	7,842
Amounts due from minority shareholders	4,463	–	–
Amounts due from related companies	–	–	681
	26,987	14,970	22,040
	122,344	98,496	113,489

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 trade receivables 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) over progress billings raised by the Group for respective contracts at the balance sheet dates:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Contract costs incurred plus recognized profits less recognized losses	844,087	591,047	320,173
Less: progress billings	(818,204)	(564,444)	(315,633)
Amounts due from contract customers	25,883	26,603	4,540

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

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Associates	6,087	1,775	82
Jointly-controlled entity	1,163	541	541

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

An aged analysis of accounts receivable net of allowance for doubtful debts at the balance sheet date, based on the invoice date, is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
0-90 days	45,153	40,619	61,184
91-180 days	276	24	738
181-365 days	70	644	794
Over 365 days	2,382	220	4,186
	47,881	41,507	66,902

An aged analysis of contract retention receivables net of allowance for doubtful debts at the balance sheet date, based on the invoice date, is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
0-90 days	4,135	3,487	1,795
91-180 days	2,639	3,351	12,672
181-365 days	4,500	10,533	5,132
Over 365 days	12,473	8,529	11,825
	23,747	25,900	31,424

An aged analysis of accounts receivable that are not considered to be impaired is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	45,343	39,798	59,056
Past due but not impaired:			
1-90 days	144	933	1,419
91-180 days	13	–	1,447
181-365 days	–	644	794
Over 365 days	2,381	132	4,186
	47,881	41,507	66,902

An aged analysis of contract retention receivables that are not considered to be impaired is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	23,747	25,012	31,424
Past due but not impaired:			
1-90 days	–	888	–
	23,747	25,900	31,424

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The movement in the allowance for doubtful debts on accounts receivable is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Balance at beginning of the year	28,712	27,333	27,491
Impairment losses recognized	501	975	541
Amounts written off as uncollectible	(1,035)	(67)	–
Impairment losses reversed	(845)	(750)	(4,198)
Release on disposal of subsidiaries	–	–	(5,386)
Balance at end of the year	27,333	27,491	18,448

The movement in the allowance for doubtful debts on contract retention receivables is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Balance at beginning of the year	12,549	9,859	9,444
Impairment losses recognized	488	210	2,317
Amounts written off as uncollectible	(1,777)	(220)	–
Impairment losses reversed	(1,401)	(405)	(416)
Balance at end of the year	9,859	9,444	11,345

The amount of allowances for doubtful debts on accounts receivable and contract retention receivables are individually impaired. The individually impaired receivables related to customers that were in dispute or in delinquency in payments and the management assessed that the recovery of the amounts is doubtful. The Group does not hold any collateral over these balances.

An aged analysis of impaired accounts receivable is as follows:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Over 365 days	27,333	27,491	18,448

An aged analysis of impaired contract retention receivables is as follows:

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Over 365 days	9,859	9,444	11,345

26. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits at the balance sheet dates were carried interest at prevailing market rate.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Pledged bank deposits were mainly denominated in Hong Kong dollars and United States dollars. Further details are set out in note 38 to the financial statements.

27. TRADE AND OTHER PAYABLES

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Accounts payable	61,727	67,923	64,407
Amounts due to contract customers	11,856	37,333	85,895
Total trade payables as shown under current liabilities	73,583	105,256	150,302
Other payables and accruals	4,278	34,485	4,953
Amount due to a director	–	–	313
Amount due to an associate	–	39,207	–
Amounts due to jointly-controlled entities	2,592	59	8,966
Amounts due to minority shareholders	1,041	210	1,041
	7,911	73,961	15,273
	81,494	179,217	165,575

An aged analysis of accounts payable at the balance sheet date is as follows:

	As at 31 March 2007 *HK$'000*	**As at 31 March 2008** *HK$'000*	**As at 31 March 2009** *HK$'000*
0-90 days	32,515	37,982	29,934
91-180 days	3,646	2,257	6,385
181-365 days	4,746	8,166	5,339
Over 365 days	20,820	19,518	22,749
	61,727	67,923	64,407

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

	As at 31 March 2007 *HK$'000*	**As at 31 March 2008** *HK$'000*	**As at 31 March 2009** *HK$'000*
Contract costs incurred plus recognized profits less recognized losses	308,331	849,294	1,262,186
Less: progress billings	(320,187)	(886,627)	(1,348,081)
Amounts due to contract customers	(11,856)	(37,333)	(85,895)

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

28. BANK BORROWINGS, SECURED

	As at 31 March 2007 *HK$'000*	**As at 31 March 2008** *HK$'000*	**As at 31 March 2009** *HK$'000*
Mortgage loan	3,504	–	–

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount repayable:			
On demand or within one year	846	–	–
More than one year, but not exceeding two years	848	–	–
More than two years, but not more than five years	1,810	–	–
	3,504	–	–
Less: Amounts due within one year shown under current liabilities	(846)	–	–
	2,658	–	–

At 31 March 2007, the Group's bank borrowings 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 at 31 March 2007;

(ii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK$4,800,000 at 31 March 2007; and

(iii) corporate guarantee to the extent of approximately HK$4,500,000 executed by the Company.

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

29. PROMISSORY NOTES

On 26 March 2008, the Company issued a promissory note with a principal amount of HK$120,000,000 to the vendor as part of the purchase consideration for the acquisition of the entire equity interests in Farrell Global Limited (note 33). The promissory note was transferable, unsecured, interest-free and had a fixed term of five years from the date of issue.

On 1 December 2008, the Company issued a promissory note with a principal amount of HK$20,000,000 to the vendor as part of the purchase consideration for the acquisition of the 70% equity interests in Union Sense Development Limited (note 33). The promissory note is transferable, unsecured, carries interest at 4% per annum and has a fixed term of five years from the date of issue.

30. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Authorized			
At 1 April 2006			
(Ordinary shares of HK$0.1 each)		1,000,000,000	100,000
Share consolidation	*(b)*	(900,000,000)	–
At 31 March 2007 and 31 March 2008			
(Ordinary shares of HK$1 each)		100,000,000	100,000
Increase in authorized share capital	*(d)*	50,000,000	50,000
At 31 March 2009		150,000,000	150,000
Issued and fully paid			
At 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 and 1 April 2007			
(Ordinary shares of HK$1 each)		54,300,000	54,300
Share issued on acquisition of subsidiaries		14,700,000	14,700
At 31 March 2008			
(Ordinary shares of HK$1 each)		69,000,000	69,000
Issue of ordinary shares under a placing agreement	*(e)*	10,860,000	10,860
Share issued on acquisition of assets through acquisition of subsidiaries	*(f)*	10,000,000	10,000
At 31 March 2009			
(Ordinary shares of HK$1 each)		89,860,000	89,860

Notes:

(a) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at a warrant issue price of HK$0.20 per warrant as part of the purchase consideration for acquisition of additional interest in a subsidiary. The warrants were issued to Complete Success Limited in registered form and constituted by a warrant instrument, and rank *pari passu* in all respects among themselves. Each warrant carries the right to subscribe for one share of HK$1.00 each in the capital of the Company at an adjusted subscription price of HK$2.64 per share.

(b) Pursuant to the resolutions passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, every 10 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.

(d) Pursuant to an ordinary resolution passed by the Company's shareholders on 16 September 2008, the authorized share capital of the Company was increased from HK$10,000,000 to HK$15,000,000 by the creation of an additional 500,000 shares of HK$1.00 each. All new shares rank *pari passu* in all respects with the existing shares of the Company.

(e) Pursuant to a conditional placing agreement dated 1 August 2008 between the Company and Partners Capital Securities Limited (the "Placing Agent"), the Company conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 10,860,000 new shares of the Company to independent third parties at the placing price of HK$1.43 per share. Completion of the placing took place on 14 August 2008 and the Company raised net proceeds of approximately HK$15,142,000 which would be used as general working capital of the Group.

(f) Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares to the vendor as part of the purchase consideration for the acquisition of the 70% equity interests in Union Sense Development Limited (note 33).

31. CONVERTIBLE LOAN NOTE

On 7 May 2007, the Company issued an unsecured convertible loan note with a principal amount of HK$15,000,000 (the "Convertible Note") to Best Time International Limited. The Convertible Note bore interest at 1% per annum payable half yearly in arrears, with a maturity date of 6 May 2009. The Convertible Note was, at the option of the holder, convertible into ordinary shares of the Company at an initial conversion price of HK$1.50 per share (subject to adjustment) at any time between the date of issue and the maturity date. The Company had the option to redeem the Convertible Note at any time after the expiry of three calendar months after the date of issue.

On 29 August 2007, the entire Convertible Note was early redeemed by the Company for a consideration of HK$15,000,000.

The Convertible Note contains the liability and equity components. The equity component is presented in equity heading "Convertible loan note equity reserve". The effective interest rate of the liability component is 7% per annum.

The movement of the liability component of the convertible loan note for the year ended 31 March 2008 is set out below:

	As at 31 March 2007	**As at 31 March 2008**	**As at 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Proceed of issue	–	15,000	–
Equity component	–	(1,653)	–
Liability component at date of issue	–	13,347	–
Interest charged during the year	–	292	–
Interest paid/payable during the year	–	(48)	–
Early redemption by the Company	–	(13,591)	–
Liability component at end of the year	–	–	–

32. SHARE OPTION SCHEME

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

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

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, are subject to prior shareholders' approval in a general meeting. The offer of a grant of share options shall be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

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

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

The Company has not granted any share options during the Relevant Periods. At 31 March 2009, there were no outstanding share options.

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(i) Disposal of subsidiaries

On 13 July 2006, W. Hing Construction Company Limited ("WH Construction"), a wholly-owned subsidiary of the Company, entered into a conditional subscription agreement dated 13 July 2006 with Design Landscapes International (HK) Company Limited ("Design Landscapes"), pursuant to which WH Construction 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. Dood 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.

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.

On 2 January 2008, CHEC-CWF Joint Venture, a 51% owned subsidiary of the Group, was deregistered upon cessation of business.

On 3 January 2008, the Group disposed of its entire equity interests in Supertact Plastics Company Limited for a cash consideration of HK$5.

On 28 February 2008, the Company entered into a conditional sale and purchase agreement (the "WH Disposal Agreement") with Heart Ace Limited (a connected person of the Company) to dispose of the entire equity interests in Wing Hing Group (BVI) Limited and its shareholder's loan for a total consideration of HK$171,000,000 (the "WH Disposal").

Pursuant to the Disposal Agreement, a reorganization of the Group shall be conducted prior to completion of the WH Disposal. Upon completion of the reorganization, Wing Hing Group (BVI) Limited directly held the entire issued share capital of Sunny Engineering Limited and CSP (HK) Limited and indirectly held 35% of the issued share capital of King Fine Development Limited, 8% of the issued share capital of Wealthy Star Development Limited, 39% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited and 40% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Company Limited. Upon the completion of the WH Disposal Agreement on 30 April 2008, the Group has ceased to hold any equity interest in Wing Hing Group (BVI) Limited.

On 31 December 2008, the Group entered into a conditional sale and purchase agreement (the "FG Disposal Agreement") with Liu Pui Lan (a connected person of the Company) to dispose of the entire equity interests in Farrell Global Limited and its shareholder's loan (the "FG Disposal"). Upon completion of the FG Disposal Agreement on 25 March 2009, the Group ceased to hold any equity interest in Farrell Global Limited.

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Net assets/(liabilities) disposed of during the year ended 31 March 2007 and 2008, and consolidated net assets disposed of during the year ended 31 March 2009:			
Property, plant and equipment	632	1	10,722
Investment property	–	–	6,500
Prepaid lease payments	–	–	198,495
Interests in jointly-controlled entities	–	–	19,658
Interest in an associate	–	–	4,909
Available-for-sale investment	–	–	1
Amount due from an investee entity	–	–	53,892
Deferred tax assets	–	145	–
Trade receivables	16,026	965	–
Other receivables	219	1,685	32,296
Bank balances and cash	13,916	536	1,542
Trade and other payables	(16,538)	(3,766)	(2,300)
Amounts due to associates	(10,009)	–	(21,707)
Amounts due from/(to) minority shareholders	(2)	4,233	–
Current tax liabilities	(1,156)	–	(669)
Deferred tax liabilities	–	–	(1,405)
Minority interests	(3,382)	(2,951)	(106,340)
	(294)	848	195,594
Attributable goodwill	365	1,943	89,829
Release of assets revaluation reserves	(78)	–	(6,931)
Release of translation reserve	–	–	(7,301)
Gain/(Loss) on disposal of subsidiaries	3,843	(2,791)	14,654
	3,836	–	285,845
Satisfied by:			
Costs directly attributable to the disposals	–	–	(3,153)
Interest in associates	3,929	–	–
Cash consideration paid for acquisition of new shares of an associate	(93)	–	–
Cash consideration	–	–	50,000
Fair value of promissory note receivable	–	–	118,998
Fair value of promissory note payable being offset	–	–	120,000
	3,836	–	285,845
Net cash inflow/(outflow) arising on disposal:			
Cash consideration	–	–	50,000
Cash consideration paid for acquisition of new shares of an associate	(93)	–	–
Costs directly attributable to the disposal	–	–	(3,153)
Bank balances and cash disposed of	(13,916)	(536)	(1,542)
	(14,009)	(536)	45,305

(ii) Acquisition of subsidiaries for the year ended 31 March 2008

Pursuant to a sale and purchase agreement dated 10 January 2008, the Group acquired the entire equity interests in Farrell Global Limited and its shareholder's loan. Farrell Global Limited and its subsidiaries were principally engaged in the development and management of a series of sophora products and of biological vegetable oil in the PRC.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Acquirees' carrying amount before combination and fair value
	HK$'000
Net assets acquired:	
Prepaid lease payments	194,285
Bank balances and cash	5
Other payables	(20)
Minority interests	(105,086)
	89,184
Goodwill on acquisition	89,829
	179,013
Total consideration satisfied by:	
Costs directly attributable to the acquisition	1,480
Cash consideration paid during the year ended 31 March 2008	20,000
Cash consideration paid during the year ended 31 March 2009	30,000
Fair value of 14,700,000 consideration shares issued	29,253
Fair value of promissory note issued	98,280
	179,013
Net cash outflow arising on acquisition:	
Cash consideration paid	(21,480)
Bank balances and cash acquired	5
	(21,475)

The fair value of the 14,700,000 consideration shares issued was determined by reference to the published share price at the date of exchange.

The fair value of the promissory note issued was determined by discounting the amounts payable to their present value at the date of exchange.

The goodwill arising on acquisition of Farrell Global Limited was attributable to the anticipated profitability of its business.

(iii) Acquisition of assets through acquisition of subsidiaries for the year ended 31 March 2009

Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Group acquired 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008.

Union Sense Development Limited (through its mining subsidiary) is mainly involved in holding of mining rights to conduct mining activities in various coal mines situated in Guizhou Province, the PRC and has not carried out any other significant business transactions since its incorporation. In the opinion of the directors, the acquisition did not, therefore, constitute an acquisition of business as the Group principally acquired the mining rights through the acquisition. Therefore, the acquisition was not disclosed as a business combination in accordance with the requirements of HKFRS 3 *Business Combinations*.

The net assets acquired in the acquisition were as follows:

	HK$'000
Consolidated net assets acquired:	
Mining rights	250,050
Prepayment	57
Bank balances	57
Amount due to a director	(347)
Minority interests	(74,945)
	174,872
Total consideration satisfied by:	
Costs directly attributable to the acquisition	5,672
Cash consideration paid	140,000
Fair value of 10,000,000 consideration shares issued	9,200
Fair value of promissory note issued	20,000
	174,872
Net cash outflow arising on acquisition:	
Cash consideration paid	(145,672)
Bank balances acquired	57
	(145,615)

The fair value of the 10,000,000 consideration shares issued was determined by reference to the published share price at the date of exchange.

The fair value of the promissory note issued was determined by discounting the amounts payable to their present value at the date of exchange.

34. OPERATING LEASES

The Group as lessee

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

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Within one year	28	–	1,015
In the second to fifth year inclusive	–	–	1,168
	28	–	2,183

The Group as lessor

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

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Within one year	–	264	–
In the second to fifth year inclusive	–	242	–
	–	506	–

35. COMMITMENT

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Capital commitment of US$2,000,000 (2008: US$4,932,500) to the registered capital of a PRC subsidiary payable by the Group	–	38,474	15,560

36. CONTINGENT LIABILITIES

(i) At 31 March 2009, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK$28,583,000.

At 31 March 2009, the Company had executed guarantees for approximately HK$36,000,000 in respect of the general banking facilities granted to CHEC-CWF Limited (a jointly-controlled entity in which the Group has 30% equity interests).

At 31 March 2009, the Company had executed guarantees for approximately HK$44,620,000 in respect of the general banking facilities granted to W. Hing Construction Company Limited and CWF Piling & Civil Engineering Company Limited (wholly-owned subsidiaries of the Company).

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

(ii) At 31 March 2009, 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 2009 has already been accounted for in presenting the Financial Information.

(iii) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to 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$2.8 million at 31 March 2009. 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.

37. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees. The total amount contributed by the Group to the scheme and charged to the consolidated income statement amounted to approximately HK$3,035,000, HK$1,462,000 and HK$1,231,000 for each of the three years ended 31 March 2007, 2008 and 2009, respectively. At 31 March 2009, there were no forfeited contributions available for the Group to offset contributions payable in future years.

38. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure general bank facilities granted to the Group:

	As at 31 March 2007 *HK$'000*	As at 31 March 2008 *HK$'000*	As at 31 March 2009 *HK$'000*
Investment property	4,800	6,500	–
Leasehold land and buildings	10,675	10,630	–
Bank deposits	16,675	21,860	24,362
	32,150	38,990	24,362

39. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Group entered into the following significant related party transactions during the Relevant Periods:

	Notes	Year ended 31 March 2007 *HK$'000*	Year ended 31 March 2008 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Service fee income from jointly-controlled entities	*(i)*	(40,366)	(1,549)	(989)
Service fee income from associates	*(i)*	(371)	(2,045)	(4,597)
Sales of materials to a jointly-controlled entity	*(ii)*	(12,123)	(6,522)	–
Purchases of finished goods from a jointly-controlled entity	*(ii)*	18,473	12,325	–
Contract sum received and receivable from jointly-controlled entities	*(iii)*	(304)	–	–
Contract sum received and receivable from an associate	*(iii)*	(685)	(7,088)	(185)
Contract sum paid and payable to an associate	*(iii)*	–	–	4,600
Rental expenses paid to a related company	*(iv)*	–	–	880

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 contract sum was received and paid for construction contracts subcontracted to the Group and an associate. The directors consider that these contract fees were charged in accordance with terms mutually agreed between the parties.

(iv) The rental expenses were charged in accordance with terms mutually agreed between the parties involved.

II. SUBSEQUENT EVENTS

(a) On 7 August 2009, the Company entered into a formal subscription agreement with Galaxy Asset Management (HK) Limited, an independent third party, pursuant to which Galaxy Asset Management (HK) Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 10,350,000 ordinary shares of HK$1.00 each in the share capital of the Company in cash at the subscription price of HK$1.46 per share.

(b) On 7 August 2009, the Company entered into another formal subscription agreement with VMS Investment Group Limited, an independent third party, pursuant to which VMS Investment Group Limited has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 3,450,000 ordinary shares of HK$1.00 each in the share capital of the Company in cash at the subscription price of HK$1.46 per share.

(c) On 7 September 2009, the Company entered into a conditional sale and purchase agreement with Mr. Ng Tat Leung, George, pursuant to which Mr. Ng Tat Leung, George agreed to acquire and the Company agreed to sell the sale shares (representing the entire issued share capital of Club Ace Holdings Limited, a wholly owned subsidiary of the Company) and the sale loan (representing all obligations, liabilities and debts owing or incurred by Club Ace Holdings Limited to the Company on or at any time prior to completion of the aforesaid transaction) for a total consideration of HK$1,000,000. The underlying assets to be disposed by the Company comprise the Company's interests in the entire issued share capital of Club Ace Holdings Limited, the entire issued share capital of W. Hing Construction Company Limited, the entire issued share capital of CWF Piling & Civil Engineering Company Limited, the entire issued share capital of W H China (Holdings) Limited, the entire issued share capital of TCL Piling Specialist Limited, the entire issued share capital of W H Interior Design and Contracting Company Limited, the entire issued share capital of JCL Engineering Limited, 50% of the issued share capital of Design Landscapes International (Group) Company Limited, 50% of the issued share capital of Design Landscapes International (HK) Company Limited, 25% of the issued share capital of Theme International Limited, 25% of the issued share capital of Theme Int'l Limited, 42.5% of the issued share capital of Hypsos Leisure Asia Limited, 42.5% of the issued share capital of Hypsos Leisure Asia Macau Limited, 40% of the nominal value of issued share capital of Costain-China Harbour Joint Venture, 30% of the issued share capital of CHEC-CWF Limited, 15.3% of the nominal value of issued share capital of China Harbour-Transfield Joint Venture, 49% of the nominal value of issued share capital of China Harbour-CWF Joint Venture, 40% of the nominal value of issued share capital of MLL-CWF Joint Venture and 15% of the nominal value of issued share capital of Excel-China Harbour Joint Venture (collectively referred to as the "Target Group"). The transaction constitutes a very substantial disposal and connected transaction on the part of the Company under the Listing Rules and is subject to the approval of the Company's independent shareholders at a special general meeting of the Company to be held and convened.

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

	Year ended 31 March 2007	**Year ended 31 March 2008**	**Year ended 31 March 2009**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	445,428	493,829	497,528
Cost of sales	(390,065)	(470,268)	(516,080)
Gross (loss)/profit	55,363	23,561	(18,552)
Other income	43,350	7,401	10,603
Other gains and losses	708	(4,987)	1,819
Administrative and operating expenses	(66,046)	(28,421)	(22,112)
Share of profits/(losses) of associates	(3,602)	(768)	2,804
Share of losses of jointly-controlled entities	(12,126)	(2,713)	(31,850)
Finance costs	(726)	(55)	(57)
(Loss)/Profit before tax	16,921	(5,982)	(57,345)
Income tax credit/(expense)	(544)	470	276
(Loss)/Profit for the year	16,377	(5,512)	(57,069)

Segment information about the Target Group for the Relevant Periods is set out below:

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2009							
REVENUE							
External sales	493,320	3,406	–	802	–	–	497,528
Inter-segment sales	–	39,918	–	10,170	–	(50,088)	–
Total	493,320	43,324	–	10,972	–	(50,088)	497,528
RESULT							
Segment result	(4,744)	(6,083)	–	724	–	(160)	(10,263)
Unallocated other income, other gains and losses							2,319
Unallocated corporate expenses							(20,298)
Share of profits/(losses) of							
– associates							2,804
– jointly-controlled entities							(31,850)
Finance costs							(57)
Loss before tax							(57,345)
Income tax credit							276
Loss for the year							(57,069)
BALANCE SHEET							
ASSETS							
Segment assets	116,840	9,977	–	17	–	–	126,834
Interests in associates	2,804	–	–	–	–	–	2,804
Interests in jointly-controlled entities	–	(12,540)	–	–	–	–	(12,540)
Unallocated corporate assets							40,796
Consolidated total assets							157,894
LIABILITIES							
Segment liabilities	118,648	31,266	–	13,776	–	–	163,690
Amounts due to the Remaining Group							30,300
Consolidated total liabilities							193,990
OTHER INFORMATION							
Capital additions	308	–	–	–	–	–	308
Depreciation	242	3,265	–	–	–	–	3,507
Gain on fair value changes of property, plant and equipment	–	(5)	–	–	–	–	(5)
Impairment losses on trade receivables	2,317	541	–	–	–	–	2,858
Impairment losses reversed on trade receivables	(4,303)	(299)	–	(12)	–	–	(4,614)
Loss on disposal of property, plant and equipment	8	–	–	–	–	–	8

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2008							
REVENUE							
External sales	484,139	9,609	–	81	–	–	493,829
Inter-segment sales	–	19,489	–	46,887	–	(66,376)	–
Total	484,139	29,098	–	46,968	–	(66,376)	493,829
RESULT							
Segment result	19,129	6,915	–	3,276	–	(11)	29,309
Unallocated other income, other gains and losses							(3,189)
Unallocated corporate expenses							(28,566)
Share of losses of							
– associates							(768)
– jointly-controlled entities							(2,713)
Finance costs							(55)
Loss before tax							(5,982)
Income tax credit							470
Loss for the year							(5,512)
BALANCE SHEET							
ASSETS							
Segment assets	99,284	13,205	–	192	–	–	112,681
Interests in associates	–	–	–	–	–	–	–
Interests in jointly-controlled entities	645	1,927	(7,012)	–	–	–	(4,440)
Unallocated corporate assets							68,034
Consolidated total assets							176,275
LIABILITIES							
Segment liabilities	92,437	6,916	–	7,565	–	–	106,918
Amounts due to the Remaining Group							51,095
Consolidated total liabilities							158,013
OTHER INFORMATION							
Capital additions	–	5,125	–	–	–	–	5,125
Depreciation	206	2,457	–	2	–	–	2,665
Loss on fair value changes of property, plant and equipment	–	5	–	–	–	–	5
Impairment losses on trade receivables	73	775	–	221	–	–	1,069
Impairment losses reversed on trade receivables	(420)	(30)	–	(705)	–	–	(1,155)
Impairment losses on amounts due from associates	6,198	–	–	–	–	–	6,198
Loss on disposal of property, plant and equipment	12	131	–	–	–	–	143
Gain on disposal of a subsidiary	–	(931)	–	–	–	–	(931)
Write back of long-outstanding payables	(847)	–	–	–	–	–	(847)
Write off of other receivables	599	–	–	–	–	–	599

	Superstructure construction HK$'000	Foundation piling, substructure works and slope improvement HK$'000	Special construction projects HK$'000	Interior decoration and landscaping works HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31 March 2007							
REVENUE							
External sales	400,441	31,466	–	13,521	–	–	445,428
Inter-segment sales	–	1,704	–	32,082	–	(33,786)	–
Total	400,441	33,170	–	45,603	–	(33,786)	445,428
RESULT							
Segment result	43,551	46,466	–	7,672	307	(50)	97,946
Unallocated other income, other gains and losses							1,640
Unallocated corporate expenses							(66,211)
Share of losses of							
– associates							(3,602)
– jointly-controlled entities							(12,126)
Finance costs							(726)
Profit before tax							16,921
Income tax expense							(544)
Profit for the year							16,377
BALANCE SHEET							
ASSETS							
Segment assets	99,545	15,313	–	3,697	–	–	118,555
Interests in associates	–	–	–	702	66	–	768
Interests in jointly-controlled entities	645	1,621	(14,323)	–	–	–	(12,057)
Unallocated corporate assets							47,953
Consolidated total assets							155,219
LIABILITIES							
Segment liabilities	58,066	14,043	–	3,313	10	–	75,432
Amounts due to the Remaining Group							55,254
Consolidated total liabilities							130,686
OTHER INFORMATION							
Capital additions	208	–	–	39	–	–	247
Depreciation	194	275	–	76	–	–	545
Loss on fair value changes of property, plant and equipment	11	–	–	–	–	–	11
Impairment losses on trade receivables	130	649	–	210	–	–	989
Impairment losses reversed on trade receivables	(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 disposal of a subsidiary	–	–	–	(29)	–	–	(29)
Write back of long outstanding payables	(74)	(187)	–	(110)	–	–	(371)

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

	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	698	5,474	5,445
Interests in associates	768	–	2,804
Interests in jointly-controlled entities	(12,057)	(4,440)	(12,540)
Contract retention receivables	2,154	10,485	11,417
Deferred tax assets	23	189	–
	(8,414)	11,708	7,126
Current assets			
Loan receivable	–	1,000	1,000
Trade and other receivables	115,703	95,722	108,972
Pledged bank deposits	16,675	21,860	24,362
Bank balances and cash	31,255	45,985	16,434
	163,633	164,567	150,768
Current liabilities			
Trade and other payables	75,432	106,918	163,690
Amounts due to the Remaining Group	55,254	51,095	30,300
	130,686	158,013	193,990
Net current (liabilities)/assets	32,947	6,554	(43,222)
Net (liabilities)/assets	24,533	18,262	(36,096)

The balance sheets of the Target at the balance sheet dates are set out below:

	As at 31 March 2007 HK$'000 (Note)	As at 31 March 2008 HK$'000 (Audited)	As at 31 March 2009 HK$'000 (Audited)
Non-current assets			
Interests in subsidiaries	–	–	154,680
Current liability			
Amount due to the Remaining Group	–	6	154,691
Net current liability	–	(6)	(154,691)
Net liabilities	–	(6)	(11)
Capital and reserve			
Equity attributable to the equity holder of the Target			
– Share capital	–	–	–
– Reserve	–	(6)	(11)
Total equity	–	(6)	(11)

Note: The Target was a limited liability company incorporated in British Virgin Islands on 1 February 2008.

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

	Year ended 31 March 2007 *HK$'000*	Year ended 31 March 2008 *HK$'000*	Year ended 31 March 2009 *HK$'000*
Operating activities			
(Loss)/Profit for the year	16,377	(5,512)	(57,069)
Adjustments for:			
Depreciation for property, plant and equipment	545	2,665	3,507
Gain on disposal of a subsidiary	(29)	(931)	–
(Gain)/Loss on fair value changes of property, plant and equipment	11	5	(5)
Impairment losses recognized in respect of trade receivables	989	1,069	2,858
Impairment losses reversed in respect of trade receivables	(2,246)	(1,155)	(4,614)
Impairment losses recognized in respect of amounts due from associates	–	6,198	–
Interest income	(766)	(1,654)	(2,315)
Loss on disposal of property, plant and equipment	165	143	8
Loss on disposal of a jointly-controlled entity	111	–	–
Bad debts recovered	–	(19)	(66)
Write off of other receivables	–	599	–
Write back of long outstanding payables	(371)	(847)	–
Share of (profits)/losses of associates	3,602	768	(2,804)
Share of losses of jointly-controlled entities	12,126	2,713	31,850
Finance costs	726	55	57
Income tax (credit)/expense	544	(470)	(276)
Operating cash flows before movements in working capital	31,784	3,627	(28,869)
Trade receivables	(3,707)	286	(4,195)
Balances with jointly-controlled entities	(3,611)	1,549	11,081
Balances with associates	527	(1,787)	(272)
Balances with related companies	–	–	(681)
Balances with minority shareholders	144	(601)	831
Prepayments, deposits and other receivables	(815)	121	(7,947)
Trade payables	(431)	36,627	46,054
Other payables and accruals	20	(923)	980
Balances with the Remaining Group	10,513	(4,159)	(20,795)

	Year ended 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2009 HK$'000
Cash (used in)/generated from operations	34,424	34,740	(3,813)
Interest paid	(726)	(55)	(57)
Hong Kong Profits Tax paid	(48)	–	–
Net cash (used in)/generated by operating activities	33,650	34,685	(3,870)
Investing activities			
Interest received	766	1,654	876
Dividends received from jointly-controlled entities	3,560	–	–
Purchase of property, plant and equipment	(247)	(5,125)	(308)
Disposal of a subsidiary	(13,995)	–	–
Amount advanced to an associate	–	(1,000)	–
Amounts advanced to a jointly-controlled entity	–	(10,330)	(23,749)
Proceeds from disposal of property, plant and equipment	269	31	2
(Increase)/Decrease in pledged bank deposits	4,269	(5,185)	(2,502)
Net cash used in investing activities	(5,378)	(19,955)	(25,681)
Financing activities			
Proceeds from new trust receipt loans	24,363	5,960	22,311
Repayment of trust receipt loans	(37,479)	(5,960)	(22,311)
Net cash used in financing activities	(13,116)	–	–
Net (decrease)/increase in cash and cash equivalents	15,156	14,730	(29,551)
Cash and cash equivalents brought forward	16,099	31,255	45,985
Cash and cash equivalents carried forward	31,255	45,985	16,434

(iv) The statements of changes in equity of the Target Group for the Relevant Periods are set out below:

	Attributable to the equity holders of the Target Group					
	Share capital	**Assets revaluation reserve**	**Retained profits/ Accumulated loss**	**Total**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	–	835	5,467	6,302	5,087	11,389
Gain on fair value changes of property, plant and equipment	–	231	–	231	–	231
Loss on fair value changes of property, plant and equipment	–	(7)	–	(7)	–	(7)
Deferred tax	–	3	–	3	–	3
Release upon disposal of property, plant and equipment	–	(585)	585	–	–	–
Net income recognized directly in equity	–	(358)	585	227	–	227
Profit for the year	–	–	15,131	15,131	1,246	16,377
Total income and expenses recognized for the year	–	(358)	15,716	15,358	1,246	16,604
Release on disposal of a subsidiary	–	(78)	–	(78)	(3,382)	(3,460)
At 31 March 2007	–	399	21,183	21,582	2,951	24,533
Gain on fair value changes of property, plant and equipment	–	2,496	–	2,496	–	2,496
Deferred tax	–	(304)	–	(304)	–	(304)
Release upon disposal of property, plant and equipment	–	(654)	654	–	–	–
Net income recognized directly in equity	–	1,538	654	2,192	–	2,192
Loss for the year	–	–	(5,512)	(5,512)	–	(5,512)
Total income and expenses recognized for the year	–	1,538	(4,858)	(3,320)	–	(3,320)
Release upon disposal of a subsidiary	–	–	–	–	(2,951)	(2,951)
At 31 March 2008	–	1,937	16,325	18,262	–	18,262
Gain on fair value changes of property, plant and equipment	–	3,176	–	3,176	–	3,176
Deferred tax	–	(465)	–	(465)	–	(465)
Release upon disposal of property, plant and equipment	–	(5)	5	–	–	–
Net income recognized directly in equity	–	2,706	5	2,711	–	2,711
Loss for the year	–	–	(57,069)	(57,069)	–	(57,069)
Total income and expenses recognized for the year	–	2,706	(57,064)	(54,358)	–	(54,358)
At 31 March 2009	–	4,643	(40,739)	(36,096)	–	(36,096)

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited consolidated financial statements of the Group have been prepared in respect of any period subsequent to 31 March 2009.

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Unaudited Pro Forma Consolidated Assets and Liabilities Statement

The unaudited pro forma consolidated assets and liabilities statement of the Remaining Group (the "Unaudited Pro Forma Consolidated Assets and Liabilities Statement") has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed on 31 March 2009.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement is based on the audited consolidated balance sheet of the Group as at 31 March 2009 as extracted from Appendix I to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Assets and Liabilities Statement does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 31 March 2009. The Unaudited Pro Forma Consolidated Assets and Liabilities Statement does not purport to predict the future financial position of the Remaining Group.

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

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

	The Group as at 31 March 2009	Pro forma adjustment	Pro forma adjustment	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	
Non-current assets				
Property, plant and equipment	6,481	(5,445)	–	1,036
Mining rights	242,906	–	–	242,906
Interests in associates	2,804	(2,804)	–	–
Interests in jointly-controlled entities	(12,540)	12,540	–	–
Contract retention receivables	11,417	(11,417)	–	–
	251,068	(7,126)	–	243,942
Current assets				
Loan receivable	1,000	(1,000)	–	–
Trade and other receivables	113,489	(108,972)	–	4,517
Pledged bank deposits	24,362	(24,362)	–	–
Bank balances and cash	22,082	(16,434)	1,000 (1,000)	5,648
	160,933	(150,768)	–	10,165
Total assets	412,001	(157,894)	–	254,107
Current liabilities				
Trade and other payables	165,575	(163,690)	–	1,885
Current tax liabilities	591	–	–	591
	166,166	(163,690)	–	2,476
Non-current liabilities				
Deferred tax liabilities	997	–	–	997
Promissory notes	20,267	–	–	20,267
	21,264	–	–	21,264
Total liabilities	187,430	(163,690)	–	23,740
Net assets	224,571	5,796	–	230,367

	The Group as at 31 March 2009 *HK$'000*	Pro forma adjustment *HK$'000* *(Note 1)*	Pro forma adjustment *HK$'000* *(Note 2)*	Pro forma Remaining Group *HK$'000*
Capital and reserves				
Share capital	89,860	–	–	89,860
Reserves	62,238	36,096 (30,300)	–	68,034
Equity attributable to the equity holders of the Company	152,098	5,796	–	157,894
Minority interests	72,473	–	–	72,473
Total equity	224,571	5,796	–	230,367

Notes to the Unaudited Pro Forma Consolidated Assets and Liabilities Statement:

1. The adjustment represents the exclusion of the assets and liabilities attributable to the Target Group as at 31 March 2009 as if the Disposal had been completed on 31 March 2009.

2. The adjustment represents the net consideration of approximately nil comprising (i) the Consideration of HK$1,000,000 and (ii) the estimated expenses to be incurred in connection with the Disposal of approximately HK$1,000,000.

   For the purpose of preparing the Unaudited Pro Forma Consolidated Assets and Liabilities Statement, it has been assumed that the Consideration of approximately HK$1,000,000 had been received by the Group on 31 March 2009 and the estimated expenses to be incurred in connection with the Disposal of approximately HK$1,000,000 had been paid by the Group on 31 March 2009, as if the Disposal had been completed on 31 March 2009.

Unaudited Pro Forma Consolidated Income Statement

The unaudited pro forma consolidated income statement of the Remaining Group (the "Unaudited Pro Forma Consolidated Income Statement") has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the beginning of the year ended 31 March 2009.

The Unaudited Pro Forma Consolidated Income Statement is based on the audited consolidated income statement of the Group for the year ended 31 March 2009 as extracted from Appendix I to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Income Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Income Statement does not purport to describe the actual results of the Remaining Group that would have been attained had the Disposal been completed at the beginning of the year ended 31 March 2009. The Unaudited Pro Forma Consolidated Income Statement does not purport to predict the future results of the Remaining Group.

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

The Unaudited Pro Forma Consolidated Income Statement has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results of the Remaining Group had the Disposal been completed at the beginning of the year ended 31 March 2009 or for any future period.

	The Group for the year ended 31 March 2009	Pro forma adjustment	Pro forma adjustment	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 3)	*(Note 4)*	
Revenue	500,152	(497,528)	–	2,624
Cost of sales	(517,487)	516,080	–	(1,407)
Gross profit/(loss)	(17,335)	18,552	–	1,217
Other income	12,811	(10,603)	–	2,208
Other gains and losses	10,736	(1,819)	–	8,917
Estimated loss on the Disposal	–	–	(69,357)	(69,357)
Administrative and operating expenses	(29,055)	22,112	–	(6,943)
Share of profits of associates	2,960	(2,804)	–	156
Share of profits less losses of jointly-controlled entities	(31,423)	31,850	–	427
Finance costs	(22,048)	57	–	(21,991)
Loss before tax	(73,354)	57,345	(69,357)	(85,366)
Income tax expense	(315)	(276)	–	(591)
Loss for the year	(73,669)	57,069	(69,357)	(85,957)

Notes to the Unaudited Pro Forma Consolidated Income Statement:

3. The adjustment represents the exclusion of the income and expenses attributable to the Target Group for the year ended 31 March 2009 as if the Disposal had been completed on 1 April 2008. This adjustment is not expected to have a continuing effect on the Remaining Group.

4. For the purpose of preparing the Unaudited Pro Forma Consolidated Income Statement, the adjustment represents the estimated loss on the Disposal of approximately HK$69,357,000 which is calculated based on (i) the net consideration of approximately nil (representing the Consideration of HK$1,000,000 less the estimated expenses to be incurred in connection with the Disposal of approximately HK$1,000,000); and (ii) the adjusted net assets attributable to the Target Group as at 1 April 2008 of approximately HK$69,357,000 (representing the net assets attributable to the equity holder of the Target Group of approximately HK$18,262,000 as adjusted for the amounts due to the Remaining Group of approximately HK$51,095,000), as if the Disposal had been completed on 1 April 2008. This adjustment is not expected to have a continuing effect on the Remaining Group.

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

Unaudited Pro Forma Consolidated Cash Flow Statement

The unaudited pro forma consolidated cash flow statement of the Remaining Group (the "Unaudited Pro Forma Consolidated Cash Flow Statement") has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the beginning of the year ended 31 March 2009.

The Unaudited Pro Forma Consolidated Cash Flow Statement is based on the audited consolidated cash flow statement of the Group for the year ended 31 March 2009 as extracted from Appendix I to this circular, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Cash Flow Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Cash Flow Statement does not purport to describe the actual cash flows of the Remaining Group that would have been attained had the Disposal been completed at the beginning of the year ended 31 March 2009. The Unaudited Pro Forma Consolidated Cash Flow Statement does not purport to predict the future cash flows of the Remaining Group.

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

The Unaudited Pro Forma Consolidated Cash Flow Statement has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group had the Disposal been completed at the beginning of the year ended 31 March 2009 or for any future period.

	The Group for the year ended 31 March 2009	Pro forma adjustment	Pro forma adjustment	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 5)	*(Note 6)*	
Operating activities				
Loss for the year	(73,669)	57,069	(69,357)	(85,957)
Adjustments for:				
Estimated loss on the Disposal	–	–	69,357	69,357
Amortization of prepaid lease payments	4,474	–	–	4,474
Amortization of mining rights	1,407	–	–	1,407
Depreciation for property, plant and equipment	3,816	(3,507)	–	309
Gain on disposal of subsidiaries	(14,654)	–	–	(14,654)
Gain on fair value changes of property, plant and equipment	(5)	5	–	–
Impairment losses recognized in respect of mining rights	5,737	–	–	5,737
Impairment losses recognized in respect of trade receivables	2,858	(2,858)	–	–
Impairment losses reversed in respect of trade receivables	(4,614)	4,614	–	–
Interest income	(4,429)	2,315	–	(2,114)
Loss on disposal of property, plant and equipment	8	(8)	–	–
Bad debts recovered	(66)	66	–	–
Share of profits of associates	(2,960)	2,804	–	(156)
Share of profits less losses of jointly-controlled entities	31,423	(31,850)	–	(427)
Finance costs	22,048	(57)	–	21,991
Income tax expense	315	276	–	591

	The Group for the year ended 31 March 2009	Pro forma adjustment	Pro forma adjustment	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 5)	*(Note 6)*	
Operating cash flows before movements in working capital	(28,311)	28,869	–	558
Trade receivables	(7,034)	4,195	–	(2,839)
Balances with jointly-controlled entities	11,081	(11,081)	–	–
Balances with associates	(17,410)	272	–	(17,138)
Balances with related companies	(681)	681	–	–
Balances with minority shareholders	831	(831)	–	–
Prepayments, deposits and other receivables	(39,453)	7,947	–	(31,506)
Trade payables	46,054	(46,054)	–	–
Other payables and accruals	1,726	(980)	–	746
Balances with the Remaining Group	–	20,795	–	20,795
Cash used in operations	(33,197)	3,813	–	(29,384)
Interest paid	(61)	57	–	(4)
Net cash used in operating activities	(33,258)	3,870	–	(29,388)
Investing activities				
Estimated new cash outflow arising on the Disposal	–	–	(45,985) 1,000 (1,000)	(45,985)
Interest received	988	(876)	–	112
Dividends received from an associate	17,500	–	–	17,500
Purchase of property, plant and equipment	(1,254)	308	–	(946)
Acquisition of subsidiaries	(30,000)	–	–	(30,000)
Acquisition of assets through acquisition of subsidiaries	(145,615)	–	–	(145,615)
Disposal of subsidiaries	45,305	–	–	45,305
Proceeds from repayment of promissory note receivable	121,000	–	–	121,000
Amounts advanced to a jointly-controlled entity	(23,749)	23,749	–	–
Amounts advanced to an investee entity	(96)	–	–	(96)
Proceeds from disposal of property, plant and equipment	2	(2)	–	–
Increase in pledged bank deposits	(2,502)	2,502	–	–
Net cash used in investing activities	(18,421)	25,681	(45,985)	(38,725)

	The Group for the year ended 31 March 2009	Pro forma adjustment	Pro forma adjustment	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 5)	*(Note 6)*	
Financing activities				
Proceeds from issue of ordinary shares	15,530	–	–	15,530
Share issue expenses	(388)	–	–	(388)
Proceeds from new trust receipt loans	22,311	(22,311)	–	–
Repayment of trust receipt loans	(22,311)	22,311	–	–
Net cash generated by financing activities	15,142	–	–	15,142
Net decrease in cash and cash equivalents	(36,537)	29,551	(45,985)	(52,971)
Cash and cash equivalents brought forward	58,619	(45,985)	45,985	58,619
Cash and cash equivalents carried forward	22,082	(16,434)	–	5,648

Notes to the Unaudited Pro Forma Consolidated Cash Flow Statement:

5. The adjustment represents the exclusion of the cash flows attributable to the Target Group for the year ended 31 March 2009 as if the Disposal had been completed on 1 April 2008. This adjustment is not expected to have a continuing effect on the Remaining Group.

6. For the purpose of preparing the Unaudited Pro Forma Consolidated Cash Flow Statement, the adjustment represents the estimated net cash outflow arising on the Disposal, comprising (i) the balance of cash and cash equivalents of the Target Group at 1 April 2008 of approximately HK$45,985,000; (ii) the Consideration of approximately HK$1,000,000; and (iii) the estimated expenses to be incurred in connection with the Disposal of approximately HK$1,000,000. This adjustment is not expected to have a continuing effect on the Remaining Group.

   For the purpose of preparing the Unaudited Pro Forma Consolidated Cash Flow Statement, it has been assumed that the Consideration of approximately HK$1,000,000 had been received by the Group on 1 April 2008 and the estimated expenses to be incurred in connection with the Disposal of approximately HK$1,000,000 had been paid by the Group on 1 April 2008, as if the Disposal had been completed on 1 April 2008.

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

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the auditors of the Company, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

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

28 September 2009

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

Dear Sirs,

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

Introduction

We report on the unaudited pro forma financial information of Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as set out in Section A entitled "Unaudited Pro Forma Financial Information of the Remaining Group" of Appendix II (the "Pro Forma Financial Information") to the Company's circular dated 28 September 2009 (the "Circular") in connection with the very substantial disposal and connected transaction whereby the Company proposes to dispose of the Sale Share and the Sale Loan (both terms as defined in the Circular) to Mr. Ng Tat Leung, George. The Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Disposal (as defined in the Circular) might have affected the financial information presented. The basis of preparation of the Pro Forma Financial Information is set out in Section A of Appendix II of the Circular.

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

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

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

Basis of opinion

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

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

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

- the financial position of the Group as at 31 March 2009 or any future date; or
- the results or cash flows of the Group for the year ended 31 March 2009 or for any future periods.

Opinion

In our opinion:

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

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

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

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

1. INDEBTEDNESS

Borrowings

As at the close of business on 31 July 2009, 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 July 2009, the Group's banking facilities were supported by the pledged deposits of approximately HK$22,278,000 of the Group.

Contingent liabilities

As at 31 July 2009, the Group had executed guarantees in respect of performance bonds in favor of contract customers of approximately HK$28,060,000.

As at the close of business on 31 July 2009, 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 IV 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 July 2009, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchases contracts or finance leases, guarantees, or other material contingent liabilities.

2. WORKING CAPITAL

Taking into account the internally generated funds and the presently available credit facilities, the Directors are of the opinion that the Group will, following the completion of the Disposal, 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.

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 circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, 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.

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

3. MATERIAL CONTRACTS

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

(i) the sale and purchase agreement dated 10 January 2008 entered into between CWS International Trading Limited and Liu Pui Lan in relation to the sale and purchase of the entire issued share capital of Farrell Global Limited and the shareholder's loan at an aggregate consideration of HK$250,000,000;

(ii) the sale and purchase agreement dated 28 February 2008 entered into between Heart Ace Limited and the Company in relation to the sale and purchase of the entire issued share capital of Wing Hing Group (BVI) Limited and the shareholder's loan at an aggregate consideration of HK$171,000,000;

(iii) the sale and purchase agreement dated 20 June 2008 (as supplemented by the supplemental agreement dated 31 July 2008) entered into between Cheung Oi Chun and Bless Luck International Limited in relation to the sale and purchase of the 70% of the entire issued share capital of Union Sense Development Limited at a consideration of HK$210,000,000;

(iv) the placing agreement dated 1 August 2008 and entered into between the Company and Partners Capital Securities Limited in respect of the placing of 10,860,000 Shares at an issue price of HK$1.43 per Share;

(v) the sale and purchase agreement dated 31 December 2008 entered into between Liu Pui Lan and CWS International Trading Limited in relation to the sale and purchase of the entire issued share capital of Farrell Global Limited and the shareholder's loan at an aggregate consideration of HK$120,000,000; and

(vi) the Sale and Purchase Agreement.

4. DIRECTORS' SERVICE CONTRACTS

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

5. EXPERTS

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

Name	**Qualifications**
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants
VC Capital	A licensed corporation under the SFO to conduct type 1 and type 6 regulated activities (dealing in securities and advising on corporate finance)

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

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

6. LITIGATION

(i) The Group was previously engaged in early 2000 in the undertaking of a piling work contract, which was terminated by the contract customer during 2001 prior to the completion of contract works as a result of the allegation of non-conforming piles. In the previous year, the contract customer demanded from the Group the retrenchment of HK$5 million of the contract fees received by the Group, as compensation for early termination of the contract works. In prior years, the contract customer was in the process of undergoing a court compulsory winding-up and the provisional liquidator of the contract customer requested payment of HK$8 million from the Group. Having considered legal counsel's advice, the Directors are of the opinion that the claim is unlikely to succeed. Accordingly, no provision has been made up to 31 March 2009.

(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 2009.

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

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group was made up.

8. COMPETING INTERESTS

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

9. MISCELLANEOUS

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

(b) As at the Latest Practicable Date, neither HLB Hodgson Impey Cheng, VC Capital nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2009, 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 Ngan Chi Keung, Mike. Mr Ngai is a fellow member of the Association of Chartered Certified Accountants and Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at 14th Floor, Yau Lee Centre, 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including 20 October 2009 and at the SGM:

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

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

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

(d) the letter from the Independent Board Committee, the text of which is set out on page 21 in this circular;

(e) the letter of advice from VC Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 30 in this circular;

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

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

(h) the annual reports of the Company for each of the two financial years ended 31 March 2008 and 31 March 2009.

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

(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 Suite 1901, 19th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 20 October 2009 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 7 September 2009 and entered into between the Company as vendor and Ng Tat Leung, George as purchaser in relation to the sale and purchase of one ordinary share of US$1.00 in the issued share capital of Club Ace Holdings Limited (the "**Target**") and the shareholder's loan owing or incurred by the Target to the Company at completion at a total consideration of HK$1,000,000 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

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

By order of the Board
Wing Hing International (Holdings) Limited
Peter He
Chairman

Hong Kong, 28 September 2009

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

* *For identification purpose only*

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.