WING HING INTERNATIONAL (HOLDINGS) LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2006

RESULTS

The Board of Directors of Wing Hing International (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 (As restated)
Turnover	3	**494,445**	434,801
Cost of sales		**(490,730)**	(401,079)
Gross profit		**3,715**	33,722
Other revenue	3	**13,294**	6,968
Administrative expenses		**(42,019)**	(30,137)
Other operating income/(expenses), net	6	**4,889**	517
(Loss)/Profit from operations	5	**(20,121)**	11,070
Finance costs	7	**(890)**	(870)
Share of profits less losses of			
Jointly-controlled entities		**800**	3,602
Associates		**(413)**	176
(Loss)/Profit before tax		**(20,624)**	13,978
Taxation	8	**(369)**	520
(Loss)/Profit for the year		**(20,993)**	14,498
Attributable to:			
Equity holders of the Company		**(22,336)**	14,176
Minority interests		**1,343**	322
		(20,993)	14,498
Dividend	9	**–**	–
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic	10	**HK(64.1) cents**	HK49.3 cents
Diluted	10	**N/A**	HK43.1 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 (As restated)
Non-current assets			
Investment property		**4,400**	4,000
Prepaid land lease payments		**692**	709
Property, plant and equipment		**23,997**	24,776
Goodwill		**2,308**	2,308
Interests in jointly-controlled entities		**37,621**	46,107
Interests in associates		**17,704**	10,770
Available-for-sale equity investment		**1**	–
Amount due from an investee entity		**13,164**	–
Contract retention receivables	*11*	**3,963**	6,762
Deferred tax assets		**–**	136
		103,850	95,568
Current assets			
Accounts receivable	*11*	**114,553**	131,154
Other receivables		**13,698**	19,148
Pledged deposits		**20,944**	35,025
Cash and cash equivalents		**18,465**	13,025
		167,660	198,352
Current liabilities			
Accounts payable	*12*	**100,921**	107,176
Current tax liabilities		**657**	716
Other payables and accruals		**13,808**	28,916
Convertible Note		**–**	11,218
Bank loans and overdrafts, secured		**15,602**	7,387
		130,988	155,413
Net current assets		**36,672**	42,939
Total assets less current liabilities		**140,522**	138,507
Non-current liabilities			
Bank loans and overdrafts, secured		**3,503**	–
Deferred tax liabilities		**497**	–
		4,000	–
Net assets		**136,522**	138,507
Capital and reserves			
Issued share capital		**36,200**	28,750
Reserves		**95,235**	105,492
Equity attributable to the equity holders of the Company		**131,435**	134,242
Minority interests		**5,087**	4,265
Total equity		**136,522**	138,507

Notes:

1. CORPORATE INFORMATION

Wing Hing International (Holdings) Limited (the "Company") was incorporated with limited liability in Bermuda under the Companies Act of Bermuda. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 December 1995.

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

Pursuant to the special resolution passed by the Company's shareholders at the special general meeting of the Company held on 9 December 2005, the name of the Company was changed from "CIG-WH International (Holdings) Limited" to "Wing Hing International (Holdings) Limited" with effect from 20 December 2005.

During the year, the Group was principally involved in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong.

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

Changes in presentation

HKAS 1 has affected the presentation of minority interests, share of tax of jointly-controlled entities and associates, and other disclosures.

Minority interests

In prior years, minority interests in the results of the Group for the year were separately presented in the consolidated income statement as a deduction before arriving at profit/(loss) attributable to shareholders (the equity holders of the Company). With effect from 1 April 2005, in order to comply with HKAS 1, the Group has changed its accounting policy relating to the presentation of minority interests. Under the new policy, minority interests are presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity holders of the Company, and are presented as part of equity, separately from interests attributable to the equity holders of the Company on the consolidated balance sheet. These changes in presentation have been applied retrospectively with comparatives restated.

Share of net after-tax results of jointly-controlled entities, associates and other disclosures

In prior years, the Group's share of taxation of jointly-controlled entities and associates accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement. With effect from 1 April 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and includes the share of taxation of jointly controlled entities and associates accounted for using the equity method in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax. These changes in presentation have been applied retrospectively with comparatives restated.

Business combinations

In the current year, the Group has applied HKFRS 3 "Business Combinations" ("HKFRS 3") which is effective for business combination for which the agreement date is on or after 1 January 2005 and for goodwill and negative goodwill existed on or before 1 January 2005. The principal effects of the application of transitional provision of HKFRS 3 to the Group are summarized below:

Goodwill

In previous years, goodwill arising on acquisition was capitalized and amortized over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3 with respect to goodwill arising on acquisitions of subsidiaries presented separately in the balance sheet. The Group on 1 April 2005 eliminated the carrying amount of the related accumulated amortization with a corresponding decrease in the cost of goodwill. The Group has discontinued amortizing such goodwill from 1 April 2005 onwards and such goodwill will be tested for impairment at least annually. Goodwill arising on acquisition after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortization of goodwill has been charged in the current year. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

Investment property
In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment property which requires gains or losses arising from changes in the fair value of investment property to be recognized directly in profit or loss for the year in which they arise. In previous years, investment property under the predecessor standard was measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional rules in HKAS 40 and elected to apply HKAS 40 retrospectively. As a result of the change in accounting policy, the investment property revaluation reserve of approximately HK$4,649,000 as at 1 April 2004 has been transferred to the Group's retained profits. Other operating income for the years ended 31 March 2005 and 31 March 2006 has been increased by approximately HK$1,650,000 and HK$400,000 respectively.

Owner-occupied leasehold interest in land
In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortized over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively with comparatives restated.

Financial instruments
In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarized below:

Convertible note
The principal impact of HKAS 32 on the Group is in relation to the Convertible Note issued by the Company that contains both liability and equity components. Previously, the Convertible Note was classified as liabilities on the balance sheet. HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into the liability and equity components on initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortized cost using the effective interest method.

Classification and measurement of financial assets and financial liabilities
The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Debt and equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice ("SSAP") 24
By 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealized gains or losses included in profit or loss. Held-to-maturity investments are carried at amortized cost less impairment losses (if any). From 1 April 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39.

Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognized in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices 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 are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortized cost using the effective interest method after initial recognition.

The adoption of this new standard has had no material effect on how the results for the prior accounting years are prepared and presented. Accordingly, no adjustment has been required on 1 April 2005.

Financial assets and financial liabilities other than debt and equity securities
From 1 April 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognized in profit or loss directly. Other financial liabilities are carried at amortized cost using the effective interest method after initial recognition. This change has had no material effect on the results for the current and prior accounting periods.

Share-based payments
In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognized where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised. The Group is required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 January 2005. The adoption of this new standard has had no material effect on how the results for the prior accounting years are prepared and presented as the Company has no share options granted as of 31 March 2006.

Summary of effects of changes in accounting policies
Effect on the balances of equity at 1 April 2004

	HKAS 1 *HK$'000*	**HKAS 17** *HK$'000*	**HKAS 40** *HK$'000*	**Total** *HK$'000*
Decrease in asset revaluation reserve	–	296	–	296
Decrease in investment property revaluation reserve	–	–	4,649	4,649
Increase in retained profits	–	(22)	(4,649)	(4,671)
Increase in minority interests	(3,018)	–	–	(3,018)
Increase in total equity				(2,744)

The following tables disclose the adjustments that have been made in accordance with the transitional provision of the respective new and revised HKFRSs to the affected items in the consolidated income statement and balance sheet as previously reported for the year ended 31 March 2005 as a result of the changes in accounting policies.

Effect on the consolidated income statement for the year ended 31 March 2005

	HKAS 17 *HK$'000*	**HKAS 40** *HK$'000*	**HKAS 32** *HK$'000*	**Total** *HK$'000*
Increase in amortization of prepaid land lease payments	17	–	–	17
Decrease in depreciation	(23)	–	–	(23)
Increase in finance costs	–	–	397	397
Decrease in gain on revaluation of leasehold land	162	–	–	162
Increase in gain on revaluation of investment property	–	(1,650)	–	(1,650)
(Increase)/decrease in profit for the year	156	(1,650)	397	(1,097)
(Increase)/decrease in basic earnings per share (in cents)	0.54	(5.74)	1.38	(3.82)
(Increase)/decrease in diluted earnings per share (in cents)	0.46	(4.87)	1.17	(3.24)

Effect on the consolidated balance sheet as at 31 March 2005

	HKAS 17 *HK$'000*	**HKAS 40** *HK$'000*	**HKAS 32** *HK$'000*	**Total** *HK$'000*
Increase in prepaid land lease payment	709	–	–	709
Decrease in property, plant and equipment	(1,850)	–	–	(1,850)
Increase in other payables and accruals	–	–	(7)	(7)
Decrease in Convertible Note	–	–	282	282
Decrease in asset revaluation reserve	1,007	–	–	1,007
Increase in Convertible Note equity reserve	–	–	(672)	(672)
Decrease in investment property revaluation reserve	–	6,299	–	6,299
(Increase)/decrease in retained profits	134	(6,299)	397	(5,768)

The following tables provide estimates of the extent to which the affected items in the consolidated income statement and balance sheet for the year ended 31 March 2006 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates. In addition, the adjustments that have been made to the opening balances as at 1 April 2005, which are the aggregate effect of retrospective adjustments as at 31 March 2005, the opening balance adjustments made as at 1 April 2005 to each of the affected items in the consolidated balance sheet are also included.

Effect on the consolidated income statement for the year ended 31 March 2006

	HKAS 17 *HK$'000*	**HKAS 40** *HK$'000*	**HKAS 36 & HKFRS 3** *HK$'000*	**HKAS 32** *HK$'000*	**Total** *HK$'000*
Increase in amortization of prepaid land lease payments	17	–	–	–	17
Decrease in depreciation	(23)	–	–	–	(23)
Increase in gain on revaluation of investment property	–	(400)	–	–	(400)
Decrease in amortization of goodwill	–	–	(577)	–	(577)
Increase in finance costs	–	–	–	48	48
Increase/(decrease) in loss for the year	(6)	(400)	(577)	48	(935)
Increase/(decrease) in basic loss per share (in cents)	(0.02)	(1.15)	(1.66)	0.14	(2.69)
Increase/(decrease) in diluted loss per share (in cents)	N/A	N/A	N/A	N/A	N/A

Effect on the consolidated balance sheet as at 31 March 2006

	HKAS 17 *HK$'000*	**HKAS 40** *HK$'000*	**HKAS 36 & HKFRS 3** *HK$'000*	**HKAS 32** *HK$'000*	**Total** *HK$'000*
Decrease in cost of goodwill	–	–	(577)	–	(577)
Decrease in accumulated amortization of goodwill	–	–	1,154	–	1,154
Increase in prepaid land lease payments	692	–	–	–	692
Decrease in property, plant and equipment	(2,650)	–	–	–	(2,650)
Increase in share premium	–	–	–	(445)	(445)
Decrease in asset revaluation reserve	1,807	–	–	–	1,807
Decrease in investment property revaluation reserve	–	400	–	–	400
(Increase)/decrease in retained profits	151	(400)	(577)	445	(381)

The HKICPA has issued the following standards and interpretations that are not yet effective. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

		Notes
HKAS 1 (Amendment)	Capital Disclosures	*1*
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures	*2*
HKAS 21 (Amendment)	Net Investment in a Foreign Operation	*2*
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions	*2*
HKAS 39 (Amendment)	The Fair Value Option	*2*
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts	*2*
HKFRS 6	Exploration for and Evaluation of Mineral Resources	*2*
HKFRS 7	Financial Instruments: Disclosures	*1*
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease	*2*
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	*2*
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	*3*
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies	*4*
HK(IFRIC)-Int 8	Scope of HKFRS 2	*5*
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	*6*

Notes:

1. Effective for annual periods beginning on or after 1 January 2007
2. Effective for annual periods beginning on or after 1 January 2006
3. Effective for annual periods beginning on or after 1 December 2005
4. Effective for annual periods beginning on or after 1 March 2006
5. Effective for annual periods beginning on or after 1 May 2006
6. Effective for annual periods beginning on or after 1 June 2006

3. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of the gross value of work earned from superstructure construction, foundation piling, substructure works, slope improvement works, special construction projects, interior decoration and landscaping works. All significant intra-group transactions within the Group have been eliminated on consolidation. An analysis of the Group's turnover and other revenue is as follows:

	2006	2005
	HK$'000	*HK$'000*
Turnover:		
Undertaking of construction contract works	**494,445**	434,801
Other revenue:		
Service fee income from:		
– jointly-controlled entities	**9,630**	1,716
– an associate	**125**	865
– independent third parties	**269**	1,077
	10,024	3,658
Interest income	**908**	261
Rental income from investment property	**112**	164
Rental income from machinery held for operating lease purposes	**832**	1,948
Others	**1,418**	937
	13,294	6,968

4. SEGMENT INFORMATION

(a) Business segments

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

	Superstructure construction works		Foundation piling, substructure works and slope improvement works		Special construction projects		Interior decoration and landscaping works		Corporate and others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (As restated)
Segment revenue:														
Sales to external customers	**326,263**	284,645	**54,535**	77,680	**58,671**	37,532	**21,487**	3,938	**33,489**	31,006	**–**	–	**494,445**	434,801
Intersegment sales	**287**	1,380	**4,055**	6,830	**2,882**	17,955	**34,661**	8,044	**–**	–	**(41,885)**	(34,209)	**–**	–
Total	**326,550**	286,025	**58,590**	84,510	**61,553**	55,487	**56,148**	11,982	**33,489**	31,006	**(41,885)**	(34,209)	**494,445**	434,801
Segment results	**32,523**	9,308	**17,780**	11,946	**(40,795)**	4,781	**8,709**	(440)	**3,954**	15,154	**1,277**	3,771	**23,448**	44,520
Interest income and other unallocated revenue and gains													**1,308**	1,911
Unallocated expenses													**(44,877)**	(35,361)
(Loss)/profit from operations													**(20,121)**	11,070
Finance costs													**(890)**	(870)
Share of profits less losses of														
– Jointly-controlled entities	**919**	(1,903)	**3,355**	1,265	**1,220**	4,126	**–**	–	**(4,694)**	114	**–**	–	**800**	3,602
– Associates	**–**	–	**–**	–	**–**	–	**–**	–	**(413)**	176	**–**	–	**(413)**	176
(Loss)/profit before tax													**(20,624)**	13,978
Taxation													**(369)**	520
(Loss)/profit for the year													**(20,993)**	14,498
Attributable to:														
Equity holders of the Company													**(22,336)**	14,176
Minority interests													**1,343**	322
													(20,993)	14,498

	Superstructure construction works		Foundation piling, substructure works and slope improvement works		Special construction projects		Interior decoration and landscaping works		Corporate and others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (As restated)
Segment assets	**87,549**	107,943	**23,325**	26,920	**8,740**	14,725	**8,776**	3,872	**45,483**	32,564	**595**	525	**174,468**	186,549
Interests in associates	**–**	–	**–**	–	**–**	–	**–**	–	**17,704**	10,770	**–**	–	**17,704**	10,770
Interests in jointly-controlled entities	**3,183**	2,265	**(274)**	1,270	**6,005**	9,170	**–**	–	**28,707**	33,402	**–**	–	**37,621**	46,107
Unallocated assets													**41,717**	50,494
Total assets													**271,510**	293,920
Segment liabilities	**74,547**	87,758	**17,876**	22,224	**12,936**	15,004	**5,867**	6,630	**3,502**	15,397	**–**	297	**114,728**	147,310
Unallocated liabilities													**20,260**	8,103
Total liabilities													**134,988**	155,413
Other segment information:														
Depreciation and amortization	**465**	346	**361**	280	**14**	14	**179**	95	**4,449**	3,360	**–**	–	**5,468**	4,095
Other non-cash income/ (expenses), net	**3,434**	2,129	**370**	34	**(16)**	(2,165)	**(9)**	(713)	**1,217**	904	**(107)**	328	**4,889**	517
Capital expenditure	**24**	102	**281**	–	**–**	–	**419**	80	**189**	6,069	**–**	–	**913**	6,251
Addition to prepaid land lease payments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	500	**–**	–	**–**	500
Gain on revaluation of property, plant and equipment recognized directly in equity	**(278)**	(275)	**(275)**	(282)	**–**	–	**(24)**	(78)	**(3,501)**	(4,754)	**–**	–	**(4,078)**	(5,389)

(b) Geographical segments

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

5. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations has been arrived at after charging the following:

	2006 *HK$'000*	2005 *HK$'000* (As restated)
Depreciation of property, plant and equipment	**5,451**	4,078
Less: Amounts capitalized in construction contracts	**(3,663)**	(2,044)
	1,788	2,034
Minimum lease payments under operating leases:		
Leasehold land and buildings	**1,526**	1,007
Less: Amounts capitalized in construction contracts	**(531)**	–
	995	1,007
Plant and machinery	**7,362**	1,568
Less: Amounts capitalized in construction contracts	**(7,362)**	(1,568)
	–	–
	995	1,007
Staff costs (excluding directors' emoluments)		
Wages and salaries	**56,651**	31,895
Retirement benefits schemes contributions	**1,758**	1,221
Less: Amounts capitalized in construction contracts	**(38,489)**	(22,200)
	19,920	10,916
Auditors' Remuneration	**590**	570
Amortization of prepaid land lease payments	**17**	17
Amortization of goodwill (included in administrative expenses)	**–**	577
Cost of services provided	**490,730**	401,079

6. OTHER OPERATING INCOME/(EXPENSES), NET

	2006 *HK$'000*	2005 *HK$'000* (As restated)
Loss on disposal of property, plant and equipment	**(195)**	(26)
Loss on disposal of an associate	**(710)**	–
Provision for amounts due from contract customers	**(1,894)**	(2,487)
Gain on revaluation of an investment property	**400**	2,500
Gain on revaluation of leasehold buildings	**–**	438
Loss on revaluation of plant and machinery and motor vehicles	**(58)**	–
Gain on disposal of subsidiaries	**–**	92
Write back of long outstanding payables	**7,346**	–
	4,889	517

7. FINANCE COSTS

	2006 *HK$'000*	2005 *HK$'000* (As restated)
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	**754**	377
– not wholly repayable within five years	**68**	–
Convertible Note wholly repayable within five years	**68**	493
	890	870

No borrowing costs were capitalized during the year ended 31 March 2006 (2005: Nil).

8. TAXATION

	2006 *HK$'000*	2005 *HK$'000*
Current tax credit	**(43)**	(1,331)
Deferred tax charge	**412**	811
Tax charge/(credit) for the year	**369**	(520)

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

9. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2006 (2005 Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	2006 *HK$'000*	2005 *HK$'000* (As restated)
(Loss)/Earnings		
(Loss)/Earnings for the purposes of basic (loss)/earnings per share ((loss)/profit for the year attributable to equity holders of the Company)	**(22,336)**	14,176
Effect of dilutive potential ordinary shares:		
Interest on Convertible Note (net of tax)	**–**	407
(Loss)/Earnings for the purposes of diluted (loss)/earnings per share	**(22,336)**	14,583

	2006	2005 (As restated)
Number of shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	**348,537**	287,500
Effect of Share Consolidation (which became effective on 23 May 2006)	**(313,683)**	(258,750)
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**34,854**	28,750
Effect of dilutive potential ordinary shares:		
Convertible Note	**–**	5,104
Warrants (anti-dilutive)	**–**	–
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**34,854**	33,854

11. ACCOUNTS RECEIVABLE

	Group 2006 HK$'000	2005 HK$'000
Accounts receivable		
Aged analysis by invoice date		
Current to 90 days	**55,673**	75,188
91 days to 180 days	**743**	903
181 days to 365 days	**651**	1,366
Over 365 days	**6,071**	10,936
	63,138	88,393
Contract retention receivables		
Retentions held by contract customers	**32,770**	27,139
Less: contract retention receivables classified as non-current assets	**(3,963)**	(6,762)
Retentions held by contract customers included in accounts receivable under current assets	**28,807**	20,377
Amounts due from contract customers	**22,608**	22,384
Total accounts receivable as shown under current assets	**114,553**	131,154

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

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

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

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

12. ACCOUNTS PAYABLE

	Group 2006 HK$'000	2005 HK$'000
Accounts payables		
Aged analysis by invoice date		
Current to 90 days	**36,806**	56,483
91 days to 180 days	**5,596**	2,043
181 days to 365 days	**8,050**	2,860
Over 365 days	**24,450**	21,522
	74,902	82,908
Amounts due to contract customers	**26,019**	24,268
Total accounts payable as shown under current liabilities	**100,921**	107,176

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

FOREIGN EXCHANGE EXPOSURE

Since the functional currencies of the Group's operations are mainly Hong Kong dollars, United States dollars and Renminbi, the directors consider that the potential foreign exchange exposure of the Group is limited.

BUSINESS REVIEW

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

Construction and Building

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

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

Wastewater Treatment

With the view of counter-balancing the cyclical construction incomes and leveraging on our construction expertise, the Group, through a jointly-controlled entity has undertaken a 130,000m^3/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. One of the sewage treatment plants have been commissioned and it is expected that the TOT/BOT contract will provide long-term steady incomes to the Group. The Group will capitalize on this valuable experience and expertise gained by seeking other water projects in China should appropriate opportunities arise.

Property Development

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

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

PROSPECTS

Looking ahead, in the medium term, it is anticipated that construction market in both the private and public sectors will steadily recover in tandem with Hong Kong's rising economic activities and consumer confidence. In the short term, as a result of the uncertainties in the interest rates trend, the construction market arising from property-development projects will continue to be sluggish. The Group will focus on the high-end and professional construction markets, in particular the leisure areas like theme parks. The Group will also continue to adopt a prudent tendering approach and to increase competitiveness by consolidation of the operation.

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

In Hong Kong, the Group will concentrate on a few other areas on top of the traditional construction activities. With the long and harmonious relationship established with China Harbour Engineering Co. Ltd. in the last ten years, the Group continues to explore more co-operation opportunities in different areas. Hypsos Leisure Asia Limited, a joint venture with two European partners, has been actively tendering for works in the permanent exhibitions markets and it is expected that new projects in this area are forthcoming.

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

SUBSEQUENT EVENTS

(i) On 29 March 2006, the Company announced, among other matters, that it proposed to (i) implement a share consolidation ("Share Consolidation") pursuant to which every ten existing ordinary shares of HK$0.10 each in the issued and unissued share capital of the Company be consolidated into one consolidated share of HK$1.00 ("Consolidated Share"); (ii) subject to the Share Consolidation, proposed a rights issue ("Rights Issue") to raise not less than approximately HK$18.1 million before expenses by issuing not less than 18,100,000 rights shares ("Rights Shares") and not more than 20,600,000 Rights Shares at the subscription price of HK$1.00 per Rights Share on the basis of one Rights Share for every two Consolidated Shares held on the record date. Further details of the Share Consolidation and Rights issue are set out in the Company's circular dated 3 May 2006.

The resolutions in respect of the Share Consolidation were duly passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, and the Share Consolidation became effective on 23 May 2006.

The Rights Issue, which was underwritten on a fully underwritten basis, became unconditional on 22 June 2006. Upon completion, the Company issued 18,100,000 Rights Shares of HK$1.00 each at the subscription price of HK$1.00 per Rights Share.

(ii) On 13 July 2006, the Company announced that W. Hing Construction Company Limited, a wholly owned subsidiary of the Company, entered into a conditional subscription agreement dated 13 July 2006 with Design Landscapes International (HK) Company Limited, pursuant to which W. Hing Construction Company Limited agreed to subscribe 42,711 new shares of Design Landscapes International (HK) Company Limited for an aggregate cash consideration of HK$93,110. On the same day, Mr Keith Jeferey Dodd, an independent third party, entered into a conditional subscription agreement dated 13 July 2006, pursuant to which Mr Keith Jeferey Dodd agreed to subscribe 67,511 new shares of Design Landscapes International (HK) Company Limited for an aggregated cash consideration of HK$147,174. Prior to the entering into of the aforesaid subscription agreements, the entire issued share capital of Design Landscapes International (HK) Company Limited was beneficially owned as to 51% by W. Hing Construction Company Limited and 49% by Design Landscapes Investments Pty Limited, a company incorporated in Australia with limited liability.

Upon completion of the aforesaid subscription agreements, the enlarged issued share capital of Design Landscapes International (HK) Company Limited shall be beneficially owned as to approximately 50% by W. Hing Construction Company Limited, approximately 45% by Design Landscapes Investments Pty Limited and approximately 5% by Mr Keith Jeferey Dodd. Accordingly, Design Landscapes International (HK) Company Limited will cease to be a subsidiary of the Company but will continue to be an associate of the Company upon completion. Further details relating to the aforesaid transactions are set out in the Company's announcement dated 13 July 2006.

EMPLOYEES

During the year under review, the Group employed approximately 320 staff, excluding workers under exclusive sub-contracting arrangements.

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 22 August 2006, Tuesday to 29 August 2006, Tuesday both days inclusive, during which period no transfer of shares can be registered. To qualify for attending the 2006 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 21 August 2006, Monday.

CORPORATE GOVERNANCE

The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2006, except for the deviation from provision A.2.1 of the Code in respect of the roles of chairman and chief executive officer of the Company. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Code provision A.2.1

The code provision A.2.1 of the Code provides that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by same individual. Due to the duties of chairman and CEO rest on the same individual, the corporate governance practices of the Company deviate from the Code during the year. The Company is in view of the strong leadership from the chairman which allows configuration of resources of the Company in order to focus on the Company's business. The chairman has more than 24 years of experience in the construction industry. The Board considers that he is capable to guide discussions and brief the Board in a timely manner on pertinent issues. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management given that there are strong and independent non-executive directors on the Board and a clear division of responsibility for running the business of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities (the "Written Guideline") by directors of the Company. Having made specific enquiries of directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance. The Written Guideline also applies to other specified senior management of the Company.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31 March 2006.

OTHER BOARD COMMITTEES

Besides the Audit Committee, the Board has also established Remuneration Committee and Nomination Committee. Each Committee has its defined scope of duties and written terms of reference.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The detailed results containing all the information required by the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 20 July 2006

As at the date of this announcement, the Board comprises 11 Directors. The Executive Directors are Mr. Ng Tat Leung, George, Mr. Wong Teck Ming, Mr. Chen Jinkui, Mr. Sun Haichao, Mr. Lui Siu Yee, Samuel, Mr. Chan Wai Keung, Ivan and Mr. Lo Chung Sun, Simon. The Non-executive Director is Mr. Wang Xianzhang. The Independent Non-executive Directors are Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai.

Please also refer to the published version of this announcement in The Standard.