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## WING HING INTERNATIONAL (HOLDINGS) LIMITED



(Incorporated in Bermuda with limited liability)

(Stock code: 621)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

#### RESULTS

The Board of Directors of Wing Hing International (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2009 together with the comparative figures for the year ended 31 March 2008 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	3	500,152	513,387
Cost of sales		(517,487)	(490,108)
Gross (loss)/profit		(17,335)	23,279
Other income	5	12,811	8,735
Other gains and losses	6	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	7	(22,048)	(484)
(Loss)/Profit before tax		(73,354)	7,606
Income tax expense	8	(315)	(1,585)
(Loss)/Profit for the year	10	<u>(73,669)</u>	<u>6,021</u>
Attributable to:			
Equity holders of the Company		(69,184)	8,104
Minority interests		(4,485)	(2,083)
		<u>(73,669)</u>	<u>6,021</u>
(Loss)/Earnings per share			
Basic and diluted (HK cents per share)	11	<u>(86.95)</u>	<u>14.74</u>

## CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		6,481	16,594
Prepaid lease payments		–	190,318
Mining rights		242,906	–
Investment property		–	6,500
Goodwill		–	89,829
Interests in associates		2,804	22,253
Interests in jointly-controlled entities		(12,540)	14,792
Available-for-sale investment		–	1
Amount due from an investee entity		–	53,796
Contract retention receivables	12	11,417	10,484
Deferred tax assets		–	189
		<u>251,068</u>	<u>404,756</u>
<b>Current assets</b>			
Loan receivable		1,000	1,000
Trade and other receivables	12	113,489	98,496
Pledged bank deposits		24,362	21,860
Bank balances and cash		22,082	58,619
		<u>160,933</u>	<u>179,975</u>
<b>Current liabilities</b>			
Trade and other payables	13	165,575	179,217
Current tax liabilities		591	669
		<u>166,166</u>	<u>179,886</u>
<b>Net current (liabilities)/assets</b>		<u>(5,233)</u>	<u>89</u>
<b>Total assets less current liabilities</b>		<u><u>245,835</u></u>	<u><u>404,845</u></u>
<b>Capital and reserves</b>			
Share capital	15	89,860	69,000
Reserves		62,238	132,075
		<u>152,098</u>	<u>201,075</u>
Equity attributable to the equity holders of the Company		152,098	201,075
Minority interests		72,473	103,003
		<u>224,571</u>	<u>304,078</u>
<b>Total equity</b>		<u>224,571</u>	<u>304,078</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		997	2,487
Promissory notes	14	20,267	98,280
		<u>21,264</u>	<u>100,767</u>
		<u><u>245,835</u></u>	<u><u>404,845</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

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

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

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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.

### 3. REVENUE

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

	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Construction contract revenue	<b>497,528</b>	493,829
Revenue from sales of goods	–	19,558
Revenue from leasing of mining licenses	<b>2,624</b>	–
	<b><u>500,152</u></b>	<u>513,387</u>

#### **4. BUSINESS AND GEOGRAPHICAL SEGMENTS**

##### Business segments

For management purposes, the Group is currently organized into six operating divisions:

- (a) Superstructure construction;
- (b) Foundation piling, substructure works and slope improvement;
- (c) Special construction projects;
- (d) Interior decoration and landscaping works;
- (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.

**2009**

	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
REVENUE								
External sales	493,320	3,406	-	802	2,624	-	-	500,152
Inter-segment sales	-	39,918	-	10,170	-	-	(50,088)	-
Total	<u>493,320</u>	<u>43,324</u>	<u>-</u>	<u>10,972</u>	<u>2,624</u>	<u>-</u>	<u>(50,088)</u>	<u>500,152</u>
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment result	<u>(4,744)</u>	<u>(6,083)</u>	<u>-</u>	<u>724</u>	<u>(8,992)</u>	<u>14,745</u>	<u>(160)</u>	(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								<u>(22,048)</u>
Loss before tax								(73,354)
Income tax expense								<u>(315)</u>
Loss for the year								<u>(73,669)</u>

**2009**

	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
<b>BALANCE SHEET</b>								
<b>ASSETS</b>								
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								<u>412,001</u>
<b>LIABILITIES</b>								
Segment liabilities	118,648	31,266	-	13,776	727	1,158	-	165,575
Unallocated corporate liabilities								21,855
Consolidated total liabilities								<u>187,430</u>
<b>OTHER INFORMATION</b>								
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)

2008

	Superstructure construction <i>HK\$'000</i>	Foundation piling, substructure works and slope improvement <i>HK\$'000</i>	Special construction projects <i>HK\$'000</i>	Interior decoration and landscaping works <i>HK\$'000</i>	Energy- related investments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE								
External sales	484,139	9,609	-	81	-	19,558	-	513,387
Inter-segment sales	-	19,489	-	46,887	-	-	(66,376)	-
Total	<u>484,139</u>	<u>29,098</u>	<u>-</u>	<u>46,968</u>	<u>-</u>	<u>19,558</u>	<u>(66,376)</u>	<u>513,387</u>
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment result	<u>18,889</u>	<u>6,915</u>	<u>-</u>	<u>3,276</u>	<u>(4,626)</u>	<u>1,136</u>	<u>(11)</u>	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								<u>6,021</u>



2008

	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
<b>BALANCE SHEET</b>								
<b>ASSETS</b>								
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								<u>80,668</u>
Consolidated total assets								<u><u>584,731</u></u>
<b>LIABILITIES</b>								
Segment liabilities	93,494	6,916	-	7,565	23	71,219	-	179,217
Unallocated corporate liabilities								<u>101,436</u>
Consolidated total liabilities								<u><u>280,653</u></u>
<b>OTHER INFORMATION</b>								
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

## 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, mining rights, land use rights and intangible assets, analyzed by the geographical area in which the assets are located:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Assets located in		
– Hong Kong	175,938	268,194
– PRC	<u>245,799</u>	<u>279,492</u>
	421,737	547,686
Interests in associates	2,804	22,253
Interests in jointly-controlled entities	<u>(12,540)</u>	<u>14,792</u>
	<u><b>412,001</b></u>	<u><b>584,731</b></u>
Capital expenditure		
– Hong Kong	1,254	372
– PRC	<u>250,050</u>	<u>284,114</u>
	<u><b>251,304</b></u>	<u><b>284,486</b></u>

## 5. OTHER INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Service fee income from:		
– jointly-controlled entities	989	1,549
– associates	4,597	2,045
– independent third parties	<u>550</u>	<u>972</u>
	6,136	4,566
Interest income on bank deposits	868	1,796
Effective interest income on promissory note receivable	2,002	–
Interest income on loan to an associate	120	13
Interest income on a trade receivable	1,439	–
Rental income from investment property	–	22
Rental income from machinery held for operating lease purposes	745	1,308
Others	<u>1,501</u>	<u>1,030</u>
	<u><b>12,811</b></u>	<u><b>8,735</b></u>

## 6. OTHER GAINS AND LOSSES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss)/Gain on disposal of property, plant and equipment	(8)	1,365
Gain on early redemption of convertible loan note	–	48
Gain/(Loss) on disposal of subsidiaries	14,654	(2,791)
Gain on disposal of an associate	–	2
Gain/(Loss) on fair value changes of property, plant and equipment	5	(5)
Impairment losses recognized in respect of mining rights	(5,737)	–
Impairment losses recognized in respect of trade receivables	(2,858)	(1,185)
Impairment losses reversed in respect of trade receivables	4,614	1,155
Impairment losses recognized in respect of amounts due from associates	–	(6,198)
Write off of other receivables	–	(599)
Write back of long outstanding payables	–	847
Gain on fair value changes of an investment property	–	1,700
Bad debts recovered	66	19
	<u>10,736</u>	<u>(5,642)</u>

## 7. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	57	192
Effective interest expense on promissory note payable	21,987	–
Effective interest expense on convertible loan note	–	292
Others	4	–
	<u>22,048</u>	<u>484</u>

No borrowing costs were capitalized during the year ended 31 March 2009 (2008: Nil).

## 8. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax		
Hong Kong	–	669
PRC Enterprise Income Tax	591	–
Deferred tax	(276)	916
	<hr/>	<hr/>
Tax charge for the year	<b>315</b>	<b>1,585</b>
	<hr/> <hr/>	<hr/> <hr/>

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% (2008: 17.5%) of the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2008: 33%).

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.

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2009 (2008: Nil).

## 10. (LOSS)/PROFIT FOR THE YEAR

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Depreciation for property, plant and equipment	3,816	4,480
Less: Amounts capitalized in construction contracts	<u>(3,165)</u>	<u>(2,358)</u>
	651	2,122
Amortization of prepaid lease payments	4,474	4,642
Amortization of mining rights (included in cost of sales)	<u>1,407</u>	<u>—</u>
Total depreciation and amortization	<u><u>6,532</u></u>	<u><u>6,764</u></u>
Auditors' remuneration	<u>1,004</u>	<u>834</u>
Net foreign exchange (gains)/losses	<u>(3)</u>	<u>233</u>
Gross rental income from investment property	—	(22)
Less: Direct operating expenses from investment property that generated rental income during the year	<u>—</u>	<u>25</u>
	<u><u>—</u></u>	<u><u>3</u></u>
Minimum lease payments paid under operating leases during the year:		
Leasehold land and buildings	<u>1,871</u>	<u>437</u>
Plant and machinery	425	676
Less: Amounts capitalized in construction contracts	<u>(425)</u>	<u>(676)</u>
	<u>—</u>	<u>—</u>
	<u><u>1,871</u></u>	<u><u>437</u></u>

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Employee benefits expense (including directors' remuneration):		
Wages and salaries	45,735	46,950
Contributions to retirement benefits schemes	<u>1,231</u>	<u>1,462</u>
	46,966	48,412
Less: Amounts capitalized in construction contracts	<u>(13,692)</u>	<u>(13,955)</u>
	<u><u>33,274</u></u>	<u><u>34,457</u></u>
Cost of services and inventories recognized as an expense	<u><u>517,487</u></u>	<u><u>490,108</u></u>
Share of tax of associates (included in share of results of associates)	<u><u>987</u></u>	<u><u>4,722</u></u>
Share of tax of a jointly-controlled entity (included in share of results of jointly-controlled entities)	<u><u>149</u></u>	<u><u>158</u></u>

#### 11. (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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>(Loss)/Earnings</b>		
(Loss)/Earnings for the purpose of basic (loss)/earnings per share (Loss)/Profit for the year attributable to equity holders of the Company)	<u><u>(69,184)</u></u>	<u><u>8,104</u></u>
<b>Number of shares</b>		
	2009 <i>'000</i>	2008 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u><u>79,572</u></u>	<u><u>54,983</u></u>

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants as their exercise price was higher than the average market price for shares for the year ended 31 March 2008 and 2009.

## 12. TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Accounts receivable	85,350	68,998
Less: Allowance for doubtful debts	<u>(18,448)</u>	<u>(27,491)</u>
	<u>66,902</u>	<u>41,507</u>
Contract retention receivables	42,769	35,344
Less: Allowance for doubtful debts	<u>(11,345)</u>	<u>(9,444)</u>
	31,424	25,900
Less: contract retention receivables classified as non-current assets	<u>(11,417)</u>	<u>(10,484)</u>
Retentions held by contract customers included in trade receivables under current assets	<u>20,007</u>	<u>15,416</u>
Amounts due from contract customers	<u>4,540</u>	<u>26,603</u>
<b>Total trade receivables as shown under current assets</b>	<u><b>91,449</b></u>	<u>83,526</u>
Prepayments, deposits and other receivables	11,007	2,354
Amounts due from jointly-controlled entities	2,510	4,684
Amounts due from associates	7,842	7,932
Amounts due from related companies	<u>681</u>	<u>—</u>
	<u>22,040</u>	<u>14,970</u>
	<u><b>113,489</b></u>	<u><b>98,496</b></u>

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 date:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Contract costs incurred plus recognized profits		
less recognized losses	<b>320,173</b>	591,047
Less: progress billings	<u><b>(315,633)</b></u>	<u>(564,444)</u>
Amounts due from contract customers	<u><b>4,540</b></u>	<u>26,603</u>

Included in the Group's trade receivables at 31 March 2009 are amounts due from associates and a jointly-controlled entity of the Group of approximately HK\$82,000 (2008: HK\$1,775,000) and HK\$541,000 (2008: HK\$541,000) respectively, which are unsecured, interest-free and payable on similar credit terms to those offered to other major customers of the Group. The receivables arose from the undertaking of construction contract works during the year.

The amounts due from jointly-controlled entities, associates 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:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0-90 days	<b>61,184</b>	40,619
91-180 days	<b>738</b>	24
181-365 days	<b>794</b>	644
Over 365 days	<u><b>4,186</b></u>	<u>220</u>
	<u><b>66,902</b></u>	<u>41,507</u>

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:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0-90 days	<b>1,795</b>	3,487
91-180 days	<b>12,672</b>	3,351
181-365 days	<b>5,132</b>	10,533
Over 365 days	<u><b>11,825</b></u>	<u>8,529</u>
	<u><b>31,424</b></u>	<u>25,900</u>



### 13. TRADE AND OTHER PAYABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Accounts payable	64,407	67,923
Amounts due to contract customers	<u>85,895</u>	<u>37,333</u>
Total trade payables as shown under current liabilities	<u>150,302</u>	<u>105,256</u>
Other payables and accruals	4,953	34,485
Amount due to a director	313	–
Amount due to an associate	–	39,207
Amounts due to jointly-controlled entities	8,966	59
Amounts due to minority shareholders	<u>1,041</u>	<u>210</u>
	<u>15,273</u>	<u>73,961</u>
	<u><u>165,575</u></u>	<u><u>179,217</u></u>

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0-90 days	29,934	37,982
91-180 days	6,385	2,257
181-365 days	5,339	8,166
Over 365 days	<u>22,749</u>	<u>19,518</u>
	<u><u>64,407</u></u>	<u><u>67,923</u></u>

Included in trade payables 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Contract costs incurred plus recognized profits		
less recognized losses	1,262,186	849,294
Less: progress billings	<u>(1,348,081)</u>	<u>(886,627)</u>
Amounts due to contract customers	<u><u>(85,895)</u></u>	<u><u>(37,333)</u></u>

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.

## 14. 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. 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. 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.

## 15. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$1 each			
<b>Authorized</b>			
At 1 April 2007 and 31 March 2008		100,000,000	100,000
Increase in authorized share capital	<i>(b)</i>	<u>50,000,000</u>	<u>50,000</u>
At 31 March 2009		<b><u>150,000,000</u></b>	<b><u>150,000</u></b>
<b>Issued and fully paid</b>			
At 1 April 2007		54,300,000	54,300
Shares issued on acquisition of subsidiaries	<i>(c)</i>	<u>14,700,000</u>	<u>14,700</u>
At 31 March 2008 and 1 April 2008		69,000,000	69,000
Shares issued under a placing agreement	<i>(d)</i>	10,860,000	10,860
Shares issued on acquisition of assets through acquisition of subsidiaries	<i>(e)</i>	<u>10,000,000</u>	<u>10,000</u>
At 31 March 2009		<b><u>89,860,000</u></b>	<b><u>89,860</u></b>

*Notes:*

- (a) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at HK\$0.20 each 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 carried the right to subscribe for one share of HK\$1.00 each in the capital of the Company at an adjusted subscription price of HK\$2.64 per share. The warrants expired on 29 August 2008.
- (b) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 16 September 2008, the authorized share capital of the Company was increased from HK\$100,000,000 to HK\$150,000,000 by the creation of an additional 50,000,000 shares of HK\$1 each in the capital of the Company.
- (c) Pursuant to a sale and purchase agreement dated 10 January 2008, the Company issued 14,700,000 consideration shares to the vendor as part of the purchase consideration for the acquisition of the entire equity interests in Farrell Global Limited.
- (d) 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.
- (e) 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.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2009, the Group's had no outstanding bank borrowings. As at 31 March 2009, the Group's banking facilities were supported by (i) pledged deposits of approximately HK\$24,362,000 of the Group; (ii) corporate guarantees to the extent of approximately HK\$44,600,000 in aggregate executed by the Company in respect of the banking facilities granted to certain subsidiaries of the company; and (iii) cross guarantees amongst certain subsidiaries of the Company.

The Group's gearing ratio as at 31 March 2009 was 0.049 (2008: 0.168), calculated based on the Group's total borrowings of HK\$20,267,000 (2008: HK\$98,280,000) over the Group's total assets of HK\$412,001,000 (2008: HK\$584,731,000).

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**

During the year under review, the Group has recorded a turnover of approximately HK\$500 million which represents a slight decrease of 2.5% compared with the turnover recorded in the corresponding period of last year. The Group recorded a net loss from ordinary activities attributable to equity holders of approximately HK\$69.2 million compared with a net profit from ordinary activities attributable to equity holders of approximately HK\$8.1 million for the corresponding period of last year.

### **Construction**

The Group has secured a contract during the last financial year, which is the construction of the Joint-User Complex and Wholesale Fish Market in Area 44, Tuen Mun, New Territories with a contract sum of HK\$237 million.

As regards major completed projects, the Group has satisfactorily completed an industrial development at No.37-39 Wing Hong Street and the additional columbarium at Diamond Hill.

In the leisure market, the Group's associated company, Hypsos Leisure Asia Macau Limited, has successfully completed the design and build contract for the Manchester United Experience in the Venetian Hotel and Complex in Macau. The company has also secured a contract for the Exhibit Fabrication and Installation of Jockey Club Environmental Conservation Gallery in the Hong Kong Science Museum with a contract sum of HK\$7.5 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 Group has injected its resources into coal mining business since 2008. The Group has acquired five small-scale coal mines in Guizhou during November 2008, while at that time the 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 Group. Currently, two of the coal mines are undergoing expansion and the remaining three which include Shuishan, Tiechong and 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 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.

## **PROSPECTS**

Looking ahead, in the medium term, it is anticipated that the construction market in the public sector will steadily recover in tandem with the recent government commitment to increase public expenditures in infrastructure developments in the coming financial years. In the short term, 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. However, due to the recent recovery of the property prices, it is anticipated that the construction market in the private sector will remain steady in the foreseeable future. The Group will focus on the high-end and professional construction markets, in particular the leisure areas like theme parks and institutional works.

Taking advantage of the PRC's initiatives in enhancing national economic development with investment plans totalling RMB4 trillion aimed at stimulating domestic demand, and bearing in mind the expectancy to unprecedented hyperinflation in a global scale triggered by the quantitative easing monetary policy of the USA, there will certainly be increasing demand for commodities such as gold and energy, thus owners of gold and energy, among others, will be benefited from the continuous increase in their values. As such, the Directors, are strategically shifting the investment focus to mining and resources sectors. Such move hopefully bring new prospects and opportunities to the future of the Group.

In Hong Kong, the Group will concentrate on a few other areas on top of the traditional construction activities. Hypsos Leisure Asia Limited, an associated company established with two European partners, has been actively tendering for works in the leisure construction markets and it is expected that further 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, environmental engineering, energy and investment, and specialist construction areas with higher margin related to leisure markets. For the year under review, the performance in the construction sector has not been satisfactory. As a result, the Group is seriously reviewing the mix of its key activities.

## **EMPLOYEES**

During the year under review, the Group employed approximately 160 staff, excluding workers under exclusive sub-contracting arrangement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of Members of the Company will be closed from Tuesday, 25 August 2009 to Monday, 31 August 2009 both days inclusive, during which period no transfer of shares can be registered. To qualify for attending the 2009 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m on Monday, 24 August 2009.

## **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 2009, 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 27 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 2009.

## **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 THE FINAL RESULTS AND ANNUAL REPORT**

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at [www.hkexnews.hk](http://www.hkexnews.hk) under "Latest Listed Companies Information" and on the Company at [www.whi.com.hk/report.html](http://www.whi.com.hk/report.html). The annual report of the Company containing all the information required by the Listing Rules will be published on the websites in due course.

On behalf of the Board  
**Wing Hing International (Holdings) Limited**  
**Ng Tat Leung, George**  
*Chairman*

Hong Kong, 20 July 2009

*As at the date of this announcement, the Board comprises 10 Directors. The Executive Directors are Mr. Ng Tat Leung, George, Mr. Wong Teck Ming, Ms. Leung Pui Kwan, Dr. Peter He, Mr. Shen Junchen and Mr. Chan Wah Fan. The Non-Executive Director is Ms. Yuen Sau Ying, Christine. The Independent Non-Executive Directors are Dr. Leung Wai Cheung, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung.*