

WING HING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 621)



ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Directors of Wing Hing International (Holdings) Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007.

RESULTS

For the six months ended 30 September 2007, the Group recorded a profit attributable to equity holders of the Company of approximately HK\$10,041,000 with profits of HK18.49 cents per share.

DIVIDEND

The Board of Directors has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2007.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2007

		Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	2	327,015	226,978
Cost of sales		<u>(305,837)</u>	<u>(206,210)</u>
Gross profit		21,178	20,768
Other income		7,934	25,739
Other gains and losses		1,497	32
Administrative and operating expenses		(15,543)	(39,490)
Share of (losses)/profits of jointly-controlled entities		(4,283)	1,122
Share of losses of associates		(768)	(322)
Finance costs		<u>(143)</u>	<u>(500)</u>
Profit before tax		9,872	7,349
Income tax credit/(expense)	4	<u>170</u>	<u>(511)</u>
Profit for the period	5	<u>10,042</u>	<u>6,838</u>
Attributable to:			
Equity holders of the Company		10,041	5,597
Minority interests		<u>1</u>	<u>1,241</u>
		<u>10,042</u>	<u>6,838</u>
Earnings per share			
Basic	3	<u>18.49 cents</u>	<u>12.13 cents</u>
Diluted	3	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

		30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Investment property		4,800	4,800
Prepaid lease payments		667	675
Property, plant and equipment		16,599	21,198
Goodwill		1,943	1,943
Interests in jointly-controlled entities		5,026	9,309
Interests in associates		21,426	21,039
Available-for-sale investment		1	1
Amount due from an investee entity		17,136	16,604
Contract retention receivables	6	5,752	2,154
Deferred tax assets		439	104
		<u>73,789</u>	<u>77,827</u>
CURRENT ASSETS			
Accounts receivable	6	111,396	95,357
Other receivables		32,551	26,987
Pledged bank deposits	12	16,675	16,675
Bank balances and cash		47,295	33,742
		<u>207,917</u>	<u>172,761</u>
CURRENT LIABILITIES			
Accounts payable	7	94,930	73,583
Other payables		7,825	7,911
Bank borrowings, secured		868	846
		<u>103,623</u>	<u>82,340</u>
NET CURRENT ASSETS		<u>104,294</u>	<u>90,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>178,083</u>	<u>168,248</u>
CAPITAL AND RESERVES			
Share capital	8	54,300	54,300
Reserves		117,285	106,511
Equity attributable to equity holders of the Company		171,585	160,811
Minority interests		2,952	2,951
TOTAL EQUITY		<u>174,537</u>	<u>163,762</u>
NON-CURRENT LIABILITIES			
Bank borrowings, secured		2,287	2,658
Deferred tax liabilities		1,259	1,828
		<u>3,546</u>	<u>4,486</u>
		<u>178,083</u>	<u>168,248</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial statements have been prepared under the historical cost convention except for certain properties, plant and equipment and financial instruments, which are measured at revalued amounts or fair values, as appropriate. The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007.

During this period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2007. The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods.

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

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

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

2. REVENUE

The Group is principally engaged in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong. An analysis of the Group's revenue for the period is as follow:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Construction contract revenue	311,507	209,228
Revenue from sales of goods	15,508	17,750
	<u>327,015</u>	<u>226,978</u>

3. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to equity holders of the Company for the six months ended 30 September 2007 of approximately HK\$10,041,000 (2006: HK\$5,597,000).

The basic earnings per share is based on the weighted average number of shares in issue during the six months ended 30 September 2007 of 54,300,000 (2006: 46,145,055). No diluted earnings per share for the six months ended 30 September 2007 has been presented as the exercise price of the Company's outstanding warrants was higher than the average market price for shares for the period ended 30 September 2007.

4. INCOME TAX CREDIT/(EXPENSE)

(a) Hong Kong profits tax is calculated at 17.5% (six months ended 30 September 2006: 17.5%) of the estimated assessable profits for the period. Deferred tax on deductible/taxable temporary differences reversed during the period has been charged/credited to the profit and loss account using the applicable rates of tax in Hong Kong.

(b) The tax credit/(charge) for the period is made up as follows:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
– Hong Kong	–	(549)
Deferred tax	170	38
	<u>170</u>	<u>(511)</u>

5. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of services and inventories recognized as an expense	305,837	206,210
Depreciation for property, plant and equipment	2,427	2,504
Less: Amounts capitalized in construction contracts	<u>(1,791)</u>	<u>(1,839)</u>
	<u>636</u>	<u>665</u>
Minimum lease payments paid under operating leases during the period:		
Leasehold land and buildings	228	866
Less: Amounts capitalized in construction contracts	<u>–</u>	<u>(442)</u>
	<u>228</u>	<u>424</u>
Plant and machinery	548	3,021
Less: Amounts capitalized in construction contracts	<u>(548)</u>	<u>(3,021)</u>
	<u>–</u>	<u>–</u>
	<u>228</u>	<u>424</u>
Employee benefits expense (including directors' remuneration):		
Wages and salaries	24,340	45,401
Contributions to retirement benefits scheme	811	1,680
Less: Amounts capitalized in construction contracts	<u>(13,982)</u>	<u>(13,221)</u>
	<u>11,169</u>	<u>33,860</u>
Impairment losses reversed in respect of amounts due from an associate	–	(129)
(Profit)/Loss on disposal of property, plant and equipment	(1,497)	97
Amortization of prepaid lease payments	8	8
Interest income	<u>(654)</u>	<u>(371)</u>

6. ACCOUNTS RECEIVABLE

An aged analysis of the Group's accounts receivable, inclusive of contract retention receivables classified as non-current assets, as at 30 September 2007 is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Accounts receivable, with aged analysis		
Current to 90 days	63,227	45,153
91 days to 180 days	25	276
181 days to 365 days	599	70
Over 365 days	28,196	29,715
	92,047	75,214
Less: accumulated impairment	(27,831)	(27,333)
	64,216	47,881
Contract retention receivables		
Retentions held by contract customers	33,753	33,606
Less: accumulated impairment	(9,859)	(9,859)
	23,894	23,747
Less: contract retention receivables classified as non-current assets	(5,752)	(2,154)
Retentions held by contract customers included in accounts receivable under current assets	18,142	21,593
Amounts due from contract customers	29,038	25,883
Total accounts receivable as shown under current assets	111,396	95,357

6. ACCOUNTS RECEIVABLE (Continued)

Included in accounts receivable are amounts due from contract customers as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognised losses to date	882,116	844,087
Less: progress billings	<u>(853,078)</u>	<u>(818,204)</u>
Amounts due from contract customers	<u>29,038</u>	<u>25,883</u>

7. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at 30 September 2007 is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Accounts payable, with aged analysis		
Current to 90 days	36,011	32,515
91 days to 180 days	7,747	3,646
181 days to 365 days	8,955	4,746
Over 365 days	<u>16,292</u>	<u>20,820</u>
	69,005	61,727
Amounts due to contract customers	<u>25,925</u>	<u>11,856</u>
Total accounts payable as shown under current liabilities	<u>94,930</u>	<u>73,583</u>

Included in accounts payable are amounts due to contract customers as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognized losses to date	384,326	308,331
Less: progress billings	<u>(410,251)</u>	<u>(320,187)</u>
Amounts due to contract customers	<u>(25,925)</u>	<u>(11,856)</u>

8. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
<i>Authorized:</i>		
At 31 March 2007 and at 30 September 2007		
Ordinary shares of HK\$1 each	<u>100,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 31 March 2007 and at 30 September 2007		
Ordinary shares of HK\$1 each	<u>54,300,000</u>	<u>54,300</u>

9. CONTINGENT LIABILITIES

At balance sheet date, the Group had the following contingent liabilities:

	30 September 2007 (Unaudited) <i>HK\$'000</i>	31 March 2007 (Audited) <i>HK\$'000</i>
Guarantees in respect of performance bonds in favour of contract customers	<u>41,502</u>	<u>54,138</u>

Save as disclosed above, there was no material change in the Group's contingent liabilities as compared to the most recent published annual report.

10. SEGMENT INFORMATION

The Group's operations are principally undertaken in Hong Kong SAR. An analysis of the Group's revenue and result by principal activities, in respect of the Group's operations for the six months ended 30 September 2007 is as follows:

2007

	Superstructure construction works <i>HK\$'000</i>	Foundation piling, substructure works and slope improvement works <i>HK\$'000</i>	Special construction projects <i>HK\$'000</i>	Interior decoration and landscaping works <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE							
External sales	307,469	4,020	-	19	15,507	-	327,015
Inter-segment sales	-	15,843	-	34,473	-	(50,316)	-
Total	<u>307,469</u>	<u>19,863</u>	<u>-</u>	<u>34,492</u>	<u>15,507</u>	<u>(50,316)</u>	<u>327,015</u>

Inter-segment sales are charged at prevailing market rates.

RESULT							
Segment result	<u>16,517</u>	<u>6,865</u>	<u>-</u>	<u>2,772</u>	<u>12,906</u>	<u>(10,603)</u>	28,457
Unallocated income							655
Unallocated corporate expenses							(14,046)
Share of losses of							
– associates							(768)
– jointly-controlled entities							(4,283)
Finance costs							<u>(143)</u>
Profit before tax							9,872
Income tax credit							<u>170</u>
Profit for the period							<u>10,042</u>

10. SEGMENT INFORMATION (Continued)

2006

	Superstructure construction works <i>HK\$'000</i>	Foundation piling, substructure works and slope improvement works <i>HK\$'000</i>	Special construction projects <i>HK\$'000</i>	Interior decoration and landscaping works <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE							
External sales	175,911	19,854	1,653	11,810	17,750	–	226,978
Inter-segment sales	<u>–</u>	<u>167</u>	<u>–</u>	<u>22,471</u>	<u>–</u>	<u>(22,638)</u>	<u>–</u>
Total	<u>175,911</u>	<u>20,021</u>	<u>1,653</u>	<u>34,281</u>	<u>17,750</u>	<u>(22,638)</u>	<u>226,978</u>
Inter-segment sales are charged at prevailing market rates.							
RESULT							
Segment result	<u>7,075</u>	<u>32,303</u>	<u>(1,984)</u>	<u>7,871</u>	<u>9,216</u>	<u>(8,345)</u>	46,136
Unallocated income							500
Unallocated corporate expenses							(39,587)
Share of losses/ (profits) of							
– associates							(322)
– jointly-controlled entities							1,122
Finance costs							<u>(500)</u>
Profit before tax							7,349
Income tax expense							<u>(511)</u>
Profit for the period							<u>6,838</u>

11. OPERATING LEASES

The Group as lessee

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

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within one year	<u>84</u>	<u>28</u>

Save as disclosed above, there was no material change in the Group's commitments as compared to the most recent published annual report.

12. PLEDGE OF ASSETS

At 30 September 2007, the Group's assets were pledged as follows:

- (i) pledged deposits of approximately amounted HK\$16,675,000 of the Group;
- (ii) legal charges over the Group's leasehold land and buildings situated in Hong Kong, with carrying values of approximately HK\$9,750,000; and
- (iii) legal charges over the Group's investment property situated in Hong Kong, with carrying value of approximately HK\$4,800,000.

13. ISSUE AND REDEEM OF CONVERTIBLE NOTE

On 7 May 2007, the Company entered into a conditional subscription agreement (the "Note Subscription Agreement") with Best Time International Limited in respect of the subscription of convertible note (the "Note") with an aggregate principal amount of HK\$15,000,000. The Note is interest-bearing at the rate of 1% per annum on the outstanding principal amount of the Note from its date of issue to the maturity date which is the second anniversary from the date of issue of the Note (the "Maturity Date"). The Note is convertible at the option of the Subscriber at a conversion price of HK\$1.50 per ordinary share at any time after the date of issue of the Note and up to the Maturity Date. On 29 August 2007, the Note are redeemed at the principal amount of HK\$15,000,000. No interest expenses on this redemption incurred.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group has recorded a turnover of HK\$327 million which represents a 44.07% increase compared with the turnover recorded in the corresponding period of last year. The Group recorded a net profit from ordinary activities attributable to equity holders of approximately HK\$10.04 million compared with a net profit from ordinary activities attributable to equity holders of approximately HK\$5.6 million for the corresponding period of last year.

Construction and Building

The construction and building contracts secured in the first half of the financial year include the Astounding Asia at Ocean Park, an industrial development at No.37-39 Wing Hong Street and two minor contracts for an international theme park. The aggregate value of contracts secured during the period was approximately HK\$376 million.

As regards completed projects, the Group has satisfactorily completed the contract for the renovation works contract for Windsor House at Causeway Bay, the refurbishment contract for Silvercord at Canton Road and a foundation works contract at Tai Yip Street, Kwun Tong.

Wastewater Treatment

With the view of counter-balancing the cyclical construction incomes and leveraging on our construction expertise; the Group, through a jointly-controlled entity, has undertaken a 130,000m³/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. All construction works have been completed and the ongoing operation has been smooth. 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 period under review, the Group, through an associated company, continues to participate in the property development project at No.111 King Lam Street, Kowloon for an office building development. Construction works have been completed and Occupation Permit was obtained in early 2007. Certificate of Compliance from the Government has also been issued. It is expected that this property development will generate reasonable profits and steady income to the Group.

The Group, through another associated company, continues to participate in the property development at Kowloon Bay for an office building development. The foundation work has been completed and the superstructural works have just commenced with anticipated completion in early 2009.

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 the recent government commitment to increase public expenditure in the infrastructure in the coming financial years. In the short term, as a result of the growing trend of the property prices, the construction market arising from property development projects will continue to pick up steadily. The Group will focus on the high-end and professional construction markets, in particular the leisure areas like theme parks and institutional works. The Group will also continue to adopt a prudent tendering approach and to increase competitiveness by consolidation of the operations.

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. 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 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the Group had total outstanding borrowings of approximately HK\$3,155,000, comprising secured interest-bearing bank borrowings repayable (i) within one year of approximately HK\$868,000 and (ii) repayable over one year of approximately HK\$2,287,000.

The Group's banking facilities were supported by (1) legal charges over the Group's leasehold land and buildings, which are all situated in Hong Kong, with carrying value of approximately HK\$9,750,000, (2) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK\$4,800,000, (3) pledged deposits of approximately HK\$16,675,000 and (4) corporate guarantees from the Company and certain subsidiaries of the Company.

The Group's gearing ratio as at 30 September 2007 was 0.011 (31 March 2007: 0.014), calculated based on the Group's total outstanding borrowings of HK\$3,155,000 (31 March 2007: HK\$3,504,000) over the Group's total assets of HK\$281,706,000 (31 March 2007: HK\$250,588,000). 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.

EMPLOYEES

As at 30 September 2007, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was approximately 200. Performance of the staff is normally reviewed on an annual basis with adjustment compatible to the market. There is no material change in the information as compared to the most recently published annual report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Since the functional currencies of the Group's operations are mainly Hong Kong dollars, United States dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group during the six months ended 30 September 2007 is limited.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the period ended 30 September 2007.

CORPORATE GOVERNANCE PRACTICES

Audit Committee

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions as set out in the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee comprises three independent non-executive Directors, Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group, and to review the Company's annual and interim reports.

The audit committee has also reviewed the Group's unaudited results for the six months ended 30 September 2007.

Directors' Securities Transactions

The Company has established written guidelines for required standard of dealings in securities by Directors of the Company. The Company confirms that, having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings with respect to the securities dealing of the Company.

Corporate Governance Practices

None of the Directors is aware of any information that would reasonably indicate that the Group is not, or was not for any part of the accounting period covered by this interim report in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except the following:

1. The Board is in the opinion that Mr. Ng Tat Leung, George assumes the roles of both Chairman and chief executive officer of the Company due to his strong leadership and experience in the construction industry.
2. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS

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

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

Hong Kong SAR, 13 December 2007