

# WING HING INTERNATIONAL (HOLDINGS) LIMITED



(Incorporated in Bermuda with limited liability)

(Stock code: 621)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

### 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 2007 together with the comparative figures for the year ended 31 March 2006 as follows:

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
Revenue	3	480,292	494,445
Cost of sales		(425,548)	(490,730)
Gross profit		54,744	3,715
Other income	5	43,829	13,294
Other gains and losses		5,713	4,889
Administrative and operating expenses		(68,816)	(42,019)
Share of losses of associates		(3,497)	(413)
Share of (losses)/profits of jointly-controlled entities		(19,467)	800
Finance costs	6	(1,007)	(890)
Profit/(Loss) before tax		11,499	(20,624)
Income tax expense	7	(734)	(369)
Profit/(Loss) for the year	9	<u>10,765</u>	<u>(20,993)</u>
Attributable to:			
Equity holders of the Company		9,519	(22,336)
Minority interests		<u>1,246</u>	<u>1,343</u>
		<u>10,765</u>	<u>(20,993)</u>
Earnings/(Loss) per share			
Basic (HK cents per share)	10	<u>18.97</u>	<u>(63.46)</u>
Diluted (HK cents per share)	10	<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		21,198	23,997
Prepaid lease payments		675	692
Investment property		4,800	4,400
Goodwill		1,943	2,308
Interests in associates		21,039	17,704
Interests in jointly-controlled entities		9,309	37,621
Available-for-sale investment		1	1
Amount due from an investee entity		16,604	13,164
Contract retention receivables	11	2,154	3,963
Deferred tax assets		104	112
		<u>77,827</u>	<u>103,962</u>
<b>Current assets</b>			
Accounts receivable	11	95,357	114,553
Other receivables		26,987	13,698
Pledged bank deposits		16,675	20,944
Bank balances and cash		33,742	18,465
		<u>172,761</u>	<u>167,660</u>
<b>Current liabilities</b>			
Accounts payable	12	73,583	100,921
Other payables		7,911	13,808
Tax liabilities		–	657
Bank borrowings, secured		846	15,602
		<u>82,340</u>	<u>130,988</u>
<b>Net current assets</b>		<u>90,421</u>	<u>36,672</u>
<b>Total assets less current liabilities</b>		<u>168,248</u>	<u>140,634</u>
<b>Capital and reserves</b>			
Share capital	13	54,300	36,200
Reserves		106,511	95,235
		<u>160,811</u>	<u>131,435</u>
Equity attributable to the equity holders of the Company		2,951	5,087
Minority interests			
<b>Total equity</b>		<u>163,762</u>	<u>136,522</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,828	609
Bank borrowings, secured		2,658	3,503
		<u>4,486</u>	<u>4,112</u>
		<u>168,248</u>	<u>140,634</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 the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects, interior decoration and landscaping works in Hong Kong.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of these new HKFRSs has had no material impact on the amounts reported for the current or prior accounting years.

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 new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

		<i>Notes</i>
HKAS 1 (Amendment)	Capital Disclosures	1
HKAS 23 (Revised)	Borrowing Costs	7
HKFRS 7	Financial Instruments: Disclosures	1
HKFRS 8	Operating Segments	7
HK(IFRIC)-Int 8	Scope of HKFRS 2	2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	3
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	4
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions	5
HK(IFRIC)-Int 12	Service Concession Arrangements	6

*Notes:*

1. Effective for annual periods beginning on or after 1 January 2007
2. Effective for annual periods beginning on or after 1 May 2006
3. Effective for annual periods beginning on or after 1 June 2006
4. Effective for annual periods beginning on or after 1 November 2006
5. Effective for annual periods beginning on or after 1 March 2007
6. Effective for annual periods beginning on or after 1 January 2008
7. Effective for annual periods beginning on or after 1 January 2009

### 3. REVENUE

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Construction contract revenue	447,385	460,956
Revenue from sales of goods	<u>32,907</u>	<u>33,489</u>
	<u><b>480,292</b></u>	<u><b>494,445</b></u>

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### **Business segments**

For management purposes, the Group is currently organized into five operating divisions –

- (a) Superstructure construction works segment;
- (b) Foundation piling, substructure works and slope improvement works segment;
- (c) Special construction projects segment including civil engineering work, and electrical and mechanical works;
- (d) Interior decoration and landscaping works segment; and
- (e) 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.

**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	400,745	31,466	1,653	13,521	32,907	-	480,292
Inter-segment sales	-	1,704	-	32,082	-	(33,786)	-
Total	<u>400,745</u>	<u>33,170</u>	<u>1,653</u>	<u>45,603</u>	<u>32,907</u>	<u>(33,786)</u>	<u>480,292</u>
Inter-segment sales are charged at prevailing market rates.							
RESULT							
Segment result	<u>43,720</u>	<u>46,466</u>	<u>(2,034)</u>	<u>7,672</u>	<u>2,014</u>	<u>(50)</u>	97,788
Unallocated income							6,663
Unallocated corporate expense							(68,981)
Share of losses of							
- associates							(3,497)
- jointly-controlled entities							(19,467)
Finance costs							<u>(1,007)</u>
Profit before tax							11,499
Income tax expense							<u>(734)</u>
Profit for the year							<u>10,765</u>

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>
BALANCE SHEET							
ASSETS							
Segment assets	100,740	15,313	–	3,697	47,505	521	167,776
Interests in associates	–	–	–	702	20,337	–	21,039
Interests in jointly-controlled entities	646	1,621	(14,323)	–	21,365	–	9,309
Unallocated corporate assets							<u>52,464</u>
Consolidated total assets							<u><u>250,588</u></u>
LIABILITIES							
Segment liabilities	61,390	14,043	–	3,313	2,748	–	81,494
Unallocated corporate liabilities							<u>5,332</u>
Consolidated total liabilities							<u><u>86,826</u></u>
OTHER INFORMATION							
Capital additions	208	–	–	39	44	–	291
Depreciation and amortization	225	275	–	76	4,329	–	4,905
Loss on fair value changes of property, plant and equipment	11	–	–	–	–	–	11
Impairment losses on amounts due from contract customers	130	649	–	210	–	–	989
Impairment losses reversed on amounts due from contract customers	(2,246)	–	–	–	–	–	(2,246)
Loss on disposal of property, plant and equipment	100	33	–	32	–	–	165
Loss on disposal of a jointly-controlled entity	–	–	111	–	–	–	111
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Gain on disposal of subsidiaries	–	–	–	(3,843)	–	–	(3,843)
Write back long-outstanding payables	(74)	(187)	–	(110)	–	–	(371)

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	326,263	54,535	58,671	21,487	33,489	–	494,445
Inter-segment sales	<u>287</u>	<u>4,055</u>	<u>2,882</u>	<u>34,661</u>	<u>–</u>	<u>(41,885)</u>	<u>–</u>
Total	<u><u>326,550</u></u>	<u><u>58,590</u></u>	<u><u>61,553</u></u>	<u><u>56,148</u></u>	<u><u>33,489</u></u>	<u><u>(41,885)</u></u>	<u><u>494,445</u></u>
Inter-segment sales are charged at prevailing market rates.							
RESULT							
Segment result	<u><u>32,523</u></u>	<u><u>17,780</u></u>	<u><u>(40,795)</u></u>	<u><u>8,709</u></u>	<u><u>3,954</u></u>	<u><u>1,277</u></u>	23,448
Unallocated income							1,308
Unallocated corporate expense							(44,877)
Share of profits/(losses) of							
– associates							(413)
– jointly-controlled entities							800
Finance costs							<u>(890)</u>
Loss before tax							(20,624)
Income tax expense							<u>(369)</u>
Loss for the year							<u><u>(20,993)</u></u>

**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>
<b>BALANCE SHEET</b>							
<b>ASSETS</b>							
Segment assets	87,549	23,325	8,740	8,776	45,483	595	174,468
Interests in associates	–	–	–	–	17,704	–	17,704
Interests in jointly-controlled entities	3,183	(274)	6,005	–	28,707	–	37,621
Unallocated corporate assets							<u>41,829</u>
Consolidated total assets							<u><u>271,622</u></u>
<b>LIABILITIES</b>							
Segment liabilities	74,547	17,876	12,936	5,867	3,503	–	114,729
Unallocated corporate liabilities							<u>20,371</u>
Consolidated total liabilities							<u><u>135,100</u></u>
<b>OTHER INFORMATION</b>							
Capital additions	24	281	–	419	189	–	913
Depreciation and amortization	465	361	14	179	4,449	–	5,468
Loss on fair value changes of property, plant and equipment	–	–	–	58	–	–	58
Impairment losses on amounts due from contract customers	1,431	199	147	–	102	15	1,894
Loss on disposal of property, plant and equipment	37	41	–	117	–	–	195
Loss on disposal of an associate	–	–	–	–	619	91	710
Gain on fair value changes of investment property	–	–	–	–	(400)	–	(400)
Write back of long-outstanding payables	<u>(4,902)</u>	<u>(609)</u>	<u>(131)</u>	<u>(166)</u>	<u>(1,538)</u>	<u>–</u>	<u><u>(7,346)</u></u>

**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. OTHER INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Service fee income from:		
– jointly-controlled entities	40,366	9,630
– associates	370	125
– independent third parties	765	269
	<u>41,501</u>	<u>10,024</u>
Interest income on bank deposits	785	908
Rental income from investment property	128	112
Rental income from machinery held for operating lease purposes	167	832
Others	1,248	1,418
	<u>1,248</u>	<u>1,418</u>
	<u><b>43,829</b></u>	<u><b>13,294</b></u>

## 6. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on bank borrowings		
wholly repayable within five years	1,007	754
not wholly repayable within five years	–	68
Effective interest expense on Convertible Note	–	68
	<u>–</u>	<u>68</u>
	<u><b>1,007</b></u>	<u><b>890</b></u>

No borrowing costs were capitalized during the year ended 31 March 2007 (2006: Nil).

## 7. INCOME TAX EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax		
Hong Kong	547	(43)
Deferred tax	<u>187</u>	<u>412</u>
Tax charge for the year	<u><u>734</u></u>	<u><u>369</u></u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(Loss) before tax	<u><u>11,499</u></u>	<u><u>(20,624)</u></u>
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	2,012	(3,610)
Tax effect of income not taxable for tax purpose	(1,977)	(1,468)
Tax effect of expenses not deductible for tax purpose	1,028	1,804
Utilization of tax losses previously not recognized	(5,011)	(4,480)
Others	<u>4,682</u>	<u>8,123</u>
Tax charge for the year	<u><u>734</u></u>	<u><u>369</u></u>

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2007 (2006: Nil).

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

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Depreciation for property, plant and equipment	4,888	5,451
Less: Amounts capitalized in construction contracts	<u>(3,677)</u>	<u>(3,663)</u>
	1,211	1,788
Amortization of prepaid lease payments	<u>17</u>	<u>17</u>
Total depreciation and amortization	<u><u>1,228</u></u>	<u><u>1,805</u></u>
Auditors' remuneration	<u><u>610</u></u>	<u><u>590</u></u>
Net foreign exchange losses	<u><u>81</u></u>	<u><u>195</u></u>
Loss on disposal of property, plant and equipment	<u><u>165</u></u>	<u><u>195</u></u>
Gain on disposal of subsidiaries	<u><u>(3,843)</u></u>	<u><u>–</u></u>
Loss on disposal of an associate	<u><u>–</u></u>	<u><u>710</u></u>
Loss on disposal of a jointly-controlled entity	<u><u>111</u></u>	<u><u>–</u></u>
Gross rental income from investment property	(128)	(112)
Less:		
Direct operating expenses from investment property that generated rental income during the year	<u>32</u>	<u>31</u>
	<u><u>(96)</u></u>	<u><u>(81)</u></u>

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss on fair value changes of property, plant and equipment	<u>11</u>	<u>58</u>
Impairment losses recognized in respect of amounts due from contract customers	<u>989</u>	<u>1,894</u>
Impairment losses reversed in respect of amounts due from contract customers	<u>(2,246)</u>	<u>–</u>
Write back of long outstanding payables	<u>(371)</u>	<u>(7,346)</u>
Minimum lease payments paid under operating leases during the period:		
Leasehold land and buildings	1,115	1,526
Less: Amounts capitalized in construction contracts	<u>(442)</u>	<u>(531)</u>
	<u>673</u>	<u>995</u>
Plant and machinery	3,117	7,362
Less: Amounts capitalized in construction contracts	<u>(3,117)</u>	<u>(7,362)</u>
	<u>–</u>	<u>–</u>
	<u>673</u>	<u>995</u>
Employee benefits expense (including directors' remuneration):		
Wages and salaries	81,685	66,984
Contributions to retirement benefits schemes	<u>3,035</u>	<u>1,875</u>
	<u>84,720</u>	<u>68,859</u>
Less: Amounts capitalized in construction contracts	<u>(23,860)</u>	<u>(40,635)</u>
	<u>60,860</u>	<u>28,224</u>
Cost of services and inventories recognized as an expense	<u>425,548</u>	<u>490,730</u>
Gain on fair value changes of an investment property	<u>(400)</u>	<u>(400)</u>
Share of tax of associates (included in share of results of associates)	<u>90</u>	<u>–</u>
Share of tax of a jointly-controlled entity (included in share of results of jointly-controlled entities)	<u>155</u>	<u>95</u>

## 10. EARNINGS/(LOSS) PER SHARE

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Earnings/(Loss)</b>		
Earnings/(Loss) for the purpose of basic earnings per share		
(Profit/(Loss) for the year attributable to equity holders of the Company)	<u>9,519</u>	<u>(22,336)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earning per share	<u>50,184</u>	<u>35,195</u>

The weighted average number of ordinary shares used in the calculation of earnings per share for the year ended 31 March 2007 has accounted for the issuance of new shares pursuant to the rights issue which was completed in June 2006. The corresponding number of ordinary shares for 2006 has been retrospectively adjusted to reflect the said rights issue.

No diluted earnings per share has been presented because the exercise price of the Company's outstanding warrants was higher than the average market price for shares for the years ended 31 March 2006 and 2007.

## 11. ACCOUNTS RECEIVABLE

	<b>Group</b>	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Accounts receivable, with aged analysis</b>		
0-90 days	45,153	55,673
91-180 days	276	743
181-365 days	70	651
Over 365 days	<u>29,715</u>	<u>34,783</u>
	75,214	91,850
Less: accumulated impairment	<u>(27,333)</u>	<u>(28,712)</u>
	<u>47,881</u>	<u>63,138</u>
<b>Contract retention receivables</b>		
Retentions held by contract customers	33,606	45,319
Less: accumulated impairment	<u>(9,859)</u>	<u>(12,549)</u>
	<u>23,747</u>	<u>32,770</u>
Less: contract retention receivables classified as non-current assets	<u>(2,154)</u>	<u>(3,963)</u>
	<u>21,593</u>	<u>28,807</u>
<b>Amounts due from contract customers</b>	<u>25,883</u>	<u>22,608</u>
<b>Total accounts receivable as shown under current assets</b>	<u>95,357</u>	<u>114,553</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 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

	<b>Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Accounts payable, with aged analysis		
0-90 days	<b>32,515</b>	36,806
91-180 days	<b>3,646</b>	5,596
181-365 days	<b>4,746</b>	8,050
Over 365 days	<b>20,820</b>	24,450
	<b>61,727</b>	74,902
<b>Amounts due to contract customers</b>	<b>11,856</b>	26,019
	<b>73,583</b>	100,921
<b>Total accounts payable as shown under current liabilities</b>	<b>73,583</b>	100,921

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 the Group's accounts payable approximate their fair values.

### 13. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
<b>Authorized</b>			
At 1 April 2005 and 2006			
Ordinary shares of HK\$0.1 each		1,000,000,000	100,000
Share consolidation	<i>(b)</i>	<u>(900,000,000)</u>	<u>–</u>
At 31 March 2007			
Ordinary shares of HK\$1 each		<u>100,000,000</u>	<u>100,000</u>
<b>Issued and fully paid</b>			
At 1 April 2005			
Ordinary shares of HK\$0.1 each		287,500,000	28,750
Issue of shares upon conversion of Convertible Note		57,500,000	5,750
Issue of shares for acquisition of additional interest in a subsidiary	<i>(a)</i>	<u>17,000,000</u>	<u>1,700</u>
At 31 March 2006 and 1 April 2006			
Ordinary share of HK\$0.1 each		362,000,000	36,200
Share consolidation	<i>(b)</i>	(325,800,000)	–
Rights issue	<i>(c)</i>	<u>18,100,000</u>	<u>18,100</u>
At 31 March 2007			
Ordinary share of HK\$1 each		<u>54,300,000</u>	<u>54,300</u>

*Notes:*

- (a) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at a warrant issue price of HK\$0.2 per warrant as part of the purchase consideration for acquisition of additional interest in a subsidiary. The warrants were issued to Complete Success Limited in registered form and constituted by a warrant instrument, and rank pari passu in all respects among themselves. Each warrant carries the right to subscribe for one share of HK\$1.00 each in the capital of the Company at an adjusted subscription price of HK\$2.64 per share. The exercise in full of the outstanding warrants would, with the capital structure of the Company at 31 March 2007, result in the issue of additional 5,681,818 shares of HK\$1.00 each in the capital of the Company.
- (b) Pursuant to the resolutions passed by the Company's shareholders at the special general meeting of the Company held on 22 May 2006, every 10 existing ordinary shares of HK\$0.10 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$1.00 ("Consolidated Share").
- (c) In June 2006, the Company completed a rights issue by issuing 18,100,000 shares of HK\$1.00 each at the subscription price of HK\$1.00 per share.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2007, the Group's outstanding borrowings amounted to HK\$3,504,000 comprising interest-bearing bank borrowings repayable (i) within one year of approximately HK\$846,000 and (ii) repayable over one year of approximately HK\$2,658,000. As at 31 March 2007, the 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 value of approximately HK\$10,675,000, (ii) legal charges over the Group's investment property, which is situated in Hong Kong, with carrying value of approximately HK\$4,800,000, (iii) pledged deposits of approximately HK\$16,675,000 of the Group; (iv) corporate guarantees to the extent of approximately HK\$42.8 million in aggregate executed by the Company in respect of the 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 2007 was 0.014 (2006: 0.07), calculated based on the Group's total borrowings of HK\$3,504,000 (2006: HK\$19,105,000) over the Group's total assets of HK\$250,588,000 (2006: HK\$271,622,000).

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 HK\$480 million which represents a slight decrease of 2.8% compared with the turnover recorded in the corresponding period of last year. The Group recorded a net profit from ordinary activities attributable to shareholders of approximately HK\$9.5 million compared with a net loss from ordinary activities attributable to shareholders of approximately HK\$22.3 million for the corresponding period of last year.

### **Construction and Building**

The Group has secured several contracts during the last financial year, which include the additional columbarium at Diamond Hill for Architectural Services Department, a refurbishment contract for Silvercord at Canton Road, the alteration and addition works contract for the Existing Giant Panda House at Ocean Park and a foundation works contract at Tai Yip Street, Kwun Tong. Together with contracts previously secured, the total value of current contracts on hand amounted to about HK\$553 million.



As regards major completed projects, the Group has satisfactorily completed the office development at King Lam Street, the Yew Chung Secondary School at Kowloon Tong, the temporary entrance and Skyfair works and the alteration and addition works for the Existing Giant Panda House at Ocean Park.

### **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<sup>3</sup>/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, China with one of the world's leading water operators. The second sewage treatment plant has also been commissioned and it is expected that the TOT/BOT contract will provide long-term steady incomes to the Group. The Group will capitalize on this valuable experience and expertise gained by seeking other similar projects in China should appropriate opportunities arise.

### **Property Development**

During the year under review, the Group, through an associated company, continues to participate in the property development project at No.111 King Lam Street, Kowloon for an office building development. Construction works have been completed and Occupation Permit was obtained in early 2007. Application for the issuance of Certificate of Compliance from the Government is being processed. It is expected that this property development will generate reasonable profits and steady income to the Group through sale and rental of the units and carparks.

The Group, through two other associated companies, has further participated in two property development projects, one at Kowloon Bay for an office building development and one at San Po Kong for a shopping complex development. Demolition of the existing building has been completed in the development at Kowloon Bay and the foundation work is now underway. For the shopping complex development at San Po Kong, the property has been sold to an independent third party and the Group has gained a reasonable return. The property disposal transaction has been completed at the end of December 2006.

### **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 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.

## **SUBSEQUENT EVENTS**

### **Issue 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 may be converted 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.

## **EMPLOYEES**

During the year under review, the Group employed approximately 300 staff, excluding workers under exclusive sub-contracting arrangement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of Members of the Company will be closed from Wednesday, 22 August 2007 to Tuesday, 28 August 2007 both days inclusive, during which period no transfer of shares can be registered. To qualify for attending the 2007 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 not later than 4:30 p.m. on Tuesday, 21 August 2007.

## **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 2007, 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 25 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 2007.

## **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.hkex.com.hk](http://www.hkex.com.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 above websites in due course.

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

Hong Kong, 20 July 2007

*As at the date of this announcement, the Board comprises eight directors. The Executive Directors 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 are Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai.*