

14. Subsequent events

Subsequent to the balance sheet date, Wing Hing Group (BVI) Limited, a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser") and the ultimate beneficial owner of the Purchaser pursuant to which Wing Hing Group (BVI) Limited agreed to sell and the Purchaser agreed to acquire the entire issued share capital of Anpoint Engineering Limited ("Anpoint"), an indirect wholly owned subsidiary of the Company, for a consideration of HK\$1.00.

Upon completion of the sale and purchase agreement, the Group has ceased to hold any equity interests in Anpoint. Following the disposal, Anpoint has ceased to be a subsidiary of the Company. Further details relating to the aforesaid transactions are set out in the Company's circular dated 9 November 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite the difficult market conditions, the Group has recorded a turnover of HK\$227 million which represents a 6% decrease compared with the turnover recorded in the corresponding period of last year. During the period under review, the Group recorded a net profit from ordinary activities attributable to shareholders of approximately HK\$5.6 million compared with a net profit from ordinary activities attributable to shareholders of approximately HK\$3.7 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 a proposed through-train school development at Shek Mun, Shatin, a renovation works contract for Windsor House at Causeway Bay, temporary entrance and Skyfair works at Ocean Park and a piling contract at No.358-364 Un Chau Street, Sham Shui Po. The aggregate value of contracts secured during the period was approximately HK\$406 million.

As regards completed projects, the Group has satisfactorily completed the piling contract for a residential development at No. 464-474 Castle Peak Road, the piling contract at No. 358-364 Un Chau Street, Sham Shui Po and two contracts for an internationally reputed theme park at Lantau.

Due to the poor performance of the subsidiary undertaking electrical and mechanical works which could not contribute profits to the Group, the Group had disposed this subsidiary recently so that the Group's resources can be better utilized on other profitable operations.

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 130,000 m³/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 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 of the superstructure has been progressing smoothly with completion to be expected in early 2007.

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 commenced in the development at Kowloon Bay. For the shopping complex development at San Po Kong, the property has been sold to an independent third party recently and the Group has gained a reasonable return. The property disposal transaction is expected to be completed at the end of December 2006.