THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vantage International (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

This circular is for your information purpose only and does not constitute an invitation or offer to acquire or subscribe for the securities of Vantage International (Holdings) Limited.

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
盈信控股有限公司

(incorporated in Bermuda with limited liability)
(Stock Code: 15)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
(II) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES
AND
(III) REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME

Financial Adviser

結好融資有限公司
GET NICE CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Menlo Capital Limited

A letter from the Independent Board Committee is set out on page 18 of this circular and a letter from Menlo Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 19 to 34 of this circular.

A notice convening a special general meeting of Vantage International (Holdings) Limited to be held at 12:00 noon on Tuesday, 9 October 2007 at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong or any adjournment thereof is set out on pages 195 to 199 of this circular. A form of proxy for use at the special general meeting is enclosed. Whether or not you are able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as practicable and in any event by not later than 48 hours before the time for holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

21 September 2007

CONTENTS

Page

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Frason Shares, the Winner City Share, the Frason Loan and the Win Extra Loan by the Purchaser pursuant to the terms of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 30 August 2007 in relation to, among other things, the Acquisition and the Placing
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday or Sunday) on which banks are open for business in Hong Kong
"Company"	Vantage International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"Completion Date"	at or before 5:00 p.m. on the third Business Day after the fulfilment or waiver of the conditions stipulated in the Sale and Purchase Agreement but in any event not later than ninety (90) days from the date of the Sale and Purchase Agreement or such other date and time as may be mutually agreed between the parties to the Sale and Purchase Agreement
"Consideration Shares"	347,826,000 Shares to be issued by the Company to the Vendors as part of the consideration for the Acquisition
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group immediately following the Completion
"Existing General Mandate'	the existing general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 24 August 2007, among other things, to issue and allot up to 188,955,600 Shares, representing 20% of the then issued share capital of the Company
"Frason"	Frason Holdings Limited, a company incorporated in Hong Kong and is wholly-owned by the Frason Vendor prior to Completion

"Frason Loan"	the interest bearing loan due and owing by Frason to the Loan Vendor which as at 31 July 2007 amounted to approximately HK$25.3 million which expression shall include further interest bearing loan advanced by the Loan Vendor to Frason up to the date of the repayment of part thereof
"Frason Property"	the property at No. 155 Waterloo Road, Kolwoon Tong, Kowloon, Hong Kong of which Frason is the registered and beneficial owner
"Frason Property Bank Loan"	the sum by way of principal and interest due and owing by Frason to DBS Bank (Hong Kong) Limited which as at 31 July 2007 amounted to approximately HK$46.6 million and which expression shall include the total outstanding amount due and owing to DBS Bank (Hong Kong) Limited by Frason up to the date of repayment thereof
"Frason Shares"	10,000 shares of HK$1.00 each in Frason, representing the entire issued share capital of Frason
"Frason Vendor"	Winflower International Holdings Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ngai
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent board committee of the Company comprising Professor Ko Jan Ming, Mr. Ip Kwok Him and Mr. Fung Pui Cheung Eugene, being the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders regarding the Acquisition and the New General Mandate
"Independent Shareholders"	Shareholders other than Mr. Ngai, Mr. Yau Kwok Fai and their respective associates
"Latest Practicable Date"	19 September 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Vendor" or "Mr. Ngai"	Mr. Ngai Chun Hung, an executive Director and the chairman of the Board

"Menlo"	Menlo Capital Limited, a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the New General Mandate
"New General Mandate"	The general mandate proposed to be sought at the SGM to authorise the Directors to allot and issue up to 20% of the issued share capital of the Company as at the date of the SGM
"Placees"	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the placing agent to subscribe for any of the Placing Shares pursuant to the Placing
"Placing"	the placing of 188,952,000 new Shares at HK$0.23 per Share pursuant to the placing agreement entered into between the Company and a placing agent dated 28 August 2007, details of which was set out in the Announcement
"Placing Shares"	188,952,000 new Shares to be placed under the Placing
"PRC"	the People's Republic of China
"Properties"	the Frason Property and the Win Extra Property collectively
"Purchaser"	Profit Chain Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement between the Purchaser, the Frason Vendor, the Winner City Vendor and the Loan Vendor in respect of the Acquisition dated 28 August 2007
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition, the New General Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme
"Share(s)"	ordinary share(s) of HK$0.025 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Shares

"Share Option Scheme"	The share option scheme adopted and approved by the Company on 5 August 2002
"Stock Exchange"	the Stock Exchange of the Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendors"	the Frason Vendor and the Winner City Vendor, and a "Vendor" means any of them
"Win Extra"	Win Extra Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Winner City
"Win Extra Loan"	the interest bearing loan due and owing by Win Extra to the Loan Vendor which as at 31 July 2007 amounted to approximately HK$21.2 million which expression shall include further interest bearing loan advanced by the Loan Vendor to Win Extra up to the date of the repayment of part thereof
"Win Extra Property"	the property at Nos. 92A-C, Pok Fu Lam Road, Pokfulam, Hong Kong of which Win Extra is the registered and beneficial owner
"Win Extra Property Bank Loan"	the sum by way of principal and interest due and owing by Win Extra to Dah Sing Bank Limited which as at 31 July 2007 amounted to approximately HK$103.8 million and which expression shall include the total outstanding amount due and owing to Dah Sing Bank Limited by Win Extra up to the date of repayment thereof
"Winner City"	Winner City Investment Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the Winner City Vendor prior to Completion
"Winner City Group"	Winner City and its subsidiary
"Winner City Share"	1 share of US$1.00 in Winner City, representing the entire issued share capital of Winner City
"Winner City Vendor"	Mr. Ngai
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America

盈信 VANTAGE

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
盈信控股有限公司

(incorporated in Bermuda with limited liability)
(Stock Code: 15)

Executive Directors:
Mr. Ngai Chun Hung *(Chairman)*
Mr. Yau Kwok Fai *(Deputy Chairman and Chief Executive Officer)*
Mr. Li Chi Pong

Non-executive Director:
Mr. Shek Yu Ming Joseph

Independent non-executive Directors:
Professor Ko Jan Ming
Mr. Ip Kwok Him, *GBS, JP*
Mr. Fung Pui Cheung Eugene

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal place of business in Hong Kong:
No. 155 Waterloo Road
Kowloon Tong
Kowloon
Hong Kong

21 September 2007

To the Shareholders

Dear Sir/Madam,

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION (II) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES AND (III) REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME

INTRODUCTION

On 30 August 2007, the Board announced that on 28 August 2007, the Purchaser, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Vendors and the Loan Vendor whereby (a) the Purchaser conditionally agreed to acquire and the Frason Vendor conditionally agreed to sell the Frason Shares; (b) the Purchaser conditionally agreed to acquire and the Winner City Vendor conditionally agreed to sell the Winner City Share; and (c) the Purchaser conditionally agreed to acquire and the Loan Vendor conditionally agreed to sell the Frason Loan and the Win Extra Loan for a total consideration of approximately HK$150 million.

The Board also proposes to (i) refresh the general mandate for the Directors to issue and allot Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM; and (ii) refresh the 10% scheme mandate limit of the Share Option Scheme.

The purpose of this circular is, among others, (i) to provide you with further details of the Acquisition, the New General Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme; (ii) to set out the recommendation from the Independent Board Committee on and the advise of Menlo in relation to the Acquisition and the New General Mandate; and (iii) to give you to the notice of the SGM at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the Acquisition, the New General Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme.

THE SALE AND PURCHASE AGREEMENT

Date:	28 August 2007
The Purchaser:	Profit Chain Investments Limited, a wholly-owned subsidiary of the Company
The Vendors:	(i) Winflower International Holdings Limited, in respect of the Frason Shares; and
	(ii) Mr. Ngai Chun Hung, in respect of the Winner City Share
The Loan Vendor:	Mr. Ngai Chun Hung, in respect of the Frason Loan and the Win Extra Loan

As at the date of the Sale and Purchase Agreement, Mr. Ngai is an executive director and the controlling shareholder of the Company and also the ultimate beneficial owner of the Frason Shares and the Winner City Share.

Subject of the Acquisition

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire (a) the Frason Shares, representing the entire issued share capital of Frason; (b) the Winner City Share, representing the entire issued share capital of Winner City; and (c) the Frason Loan and the Win Extra Loan.

Consideration for the Acquisition

The total consideration for the Acquisition is approximately HK$150 million (subject to adjustment *(Note)* to the items (i) to (iv) below based on the accounts of Frason, Winner City and Win Extra as at the Completion Date) and was determined after arm's length negotiations between the parties with reference to the following prepared in accordance with Hong Kong Financial Reporting Standards:

(i) the unaudited net assets of Frason (after deducting the Frason Loan) of approximately HK$43.2 million as at 31 July 2007;

(ii) the unaudited face value of the Frason Loan of approximately HK$25.3 million as at 31 July 2007;

(iii) the unaudited consolidated net assets of Winner City and Win Extra (after deducting Win Extra Loan) of approximately HK$60.3 million as at 31 July 2007; and

(iv) the unaudited face value of the Win Extra Loan of approximately HK$21.2 million as at 31 July 2007.

Note: Excluding certain adjustments such as deferred tax liability.

Further announcement will be made by the Company if the adjustment to the total consideration is significant.

The unaudited net assets of Frason and Win Extra have taken into account the respective independent valuations of the Frason Property and the Win Extra Property of HK$115.75 million and HK$185 million as at 26 August 2007 on the basis of existing state and uses only conducted by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, a third party independent of the Company and its connected persons (as defined in the Listing Rules).

The consideration of the Acquisition includes no premium over (i) the net assets of Frason, Winner City and Win Extra (excluding the deferred tax liabilities); and (ii) face value of Frason Loan and Win Extra Loan.

The total consideration has been paid/shall be satisfied in the following manner:

(i) HK$30 million in cash has been paid as deposit (the "Deposit") upon signing of the Sale and Purchase Agreement;

(ii) approximately HK$40 million (subject to adjustment with reference to the net assets of Frason, Winner City and Win Extra as of the Completion) in cash shall be payable on Completion; and

(iii) the balance of HK$80 million by the issue of 347,826,000 Consideration Shares at the issue price of HK$0.23 per Consideration Share on Completion.

The cash consideration for the Acquisition shall be payable from internal resources of the Group and new bank financing to be arranged by the Group. The Directors consider that the Group will have sufficient fund to complete the Acquisition.

The issue price of HK$0.23 per Consideration Share represents (i) an approximately 14.81% discount to the closing price of HK$0.27 per Share as quoted on the Stock Exchange on 28 August 2007, being the date of the Sale and Purchase Agreement; (ii) an approximately 14.81% discount to the average closing price of approximately HK$0.27 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including 27 August 2007, the last trading day prior to the date of the Sale and Purchase Agreement; (iii) a discount of approximately 13.53% to the average closing price of the Shares of HK$0.266 quoted on the Stock Exchange for the ten consecutive trading days up to and including 27 August 2007; and (iv) an approximately 54% discount to the closing price of HK$0.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the average closing price of about HK$0.27 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement, the value of the Consideration Shares will be approximately HK$93.91 million. The issue price of HK$0.23 per Consideration Share was determined after arm's length negotiations between the Company and the Vendors and with reference to recent traded price of the Shares and the Placing Price. The Directors consider that the discounts of the issue price of the Consideration Shares to the recent traded prices of the Shares are fair and reasonable given that (i) it is same as the placing price of the placing of 188,952,000 new Shares as set out in the Announcement; and (ii) the Vendors will accept the Consideration Shares instead of immediate cash settlement as part of the consideration of the Acquisition.

The Consideration Shares represent approximately 36.82% of the Company's existing issued share capital and approximately 26.91% of its issued share capital as enlarged by the issue of the Consideration Shares. There is no restriction applicable to the subsequent sale of the Consideration Shares. The Acquisition will not result in a change of control (as defined in the Takeovers Code) of the Company.

The Consideration Shares will be issued and credited as fully paid and shall rank pari passu in all respects with the Shares then in issue. An application has been made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Conditions of the Sale and Purchase Agreement and Completion

Completion shall not take place unless and until the following conditions (collectively "the Conditions") shall have been fulfilled:–

(a) the Independent Shareholders approving at the SGM held in accordance with the Listing Rules the transactions contemplated by the Sale and Purchase Agreement and the issue of the 347,826,000 Consideration Shares at the issue price of HK$ 0.23 per Consideration Share as payment in kind of part of the consideration for the Acquisition;

(b) the Stock Exchange granting approval for and the listing of the Consideration Shares;

(c) the Purchaser being satisfied upon its due diligence investigation, among other things, on the followings:

  (i) that the financial position of Frason, Winner City and Win Extra as at Completion is substantially the same as shown in the accounts of Frason, Winner City and Win Extra respectively and that there is/will be no material adverse change in the financial position of Frason, Winner City and Win Extra from 31 July 2007 to the Completion Date;

  (ii) that Frason has a good and marketable title to the Frason Property subject presently to the existing mortgage of the Frason Property and at Completion to the the new mortgage of the Frason Property in accordance with S.13 of the Conveyancing & Property Ordinance, Cap.214, Laws of Hong Kong;

(iii) that Win Extra has a good and marketable title to the Win Extra Property subject presently to the existing mortgage of the Win Extra Property and at Completion to the the new mortgage of the Win Extra Property in accordance with S.13 of the Conveyancing & Property Ordinance, Cap.214, Laws of Hong Kong; and

(iv) that all the warranties in so far as they relate to Frason, Winner City and Win Extra respectively are true and correct in all material respects on each day from the date of the Sale and Purchase Agreement up to and including the Completion Date and none of the warranties in so far as they relate to Frason, Winner City and Win Extra is untrue, incomplete, misleading or incorrect in any material respects.

(d) the Purchaser successfully arranging the new banking facilities to be advanced to the Company (1) on the security of the Frason Property at Completion on terms no less favorable than the Frason Property Bank Loan and the Frason Loan; and (2) on the security of the Win Extra Property at Completion on terms no less favorable than the Win Extra Property Bank Loan and the Win Extra Loan to repay the Frason Property Bank Loan, the Win Extra Property Bank Loan and part of the Frason Loan and the Win Extra Loan.

In addition, the sale and purchase of the Frason Shares, the Winner City Share, the Frason Loan and the Win Extra Loan shall be completed at the same time.

If any of the Conditions set out above shall not be fulfilled or waived by the Purchaser before the Completion Date, the Sale and Purchase Agreement shall become null and void and be of no legal effect and none of the parties to the Sale and Purchase Agreement shall have any claim or recourse against each and the other of them and the Deposit shall be refunded to the Purchaser without interest costs and compensation if such refund is made forthwith.

The Sale and Purchase Agreement is not conditional on the Placing.

Subject to the fulfillment or waiver of the Conditions and the terms and conditions of the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Completion of the Sale and Purchase Agreement and the Placing are subject to the satisfaction of a number of conditions precedent and may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INFORMATION OF FRASON, WINNER CITY AND WIN EXTRA

Frason

Frason is an investment holding company incorporated in Hong Kong. It is the registered and beneficial owner of the Frason Property, which is the sole asset of Frason. The Frason Property was acquired by Frason from an independent third party at a cost of approximately HK$73 million in November 2005.

The Frason Property is a building situate at No. 155 Waterloo Road, Kowloon Tong, Hong Kong. The Frason Property is currently leased to the Company for its head office and principal place of business. This situation will remain the same after Completion.

The following table sets out the financial results of the Frason for the two financial years ended 31 March 2007, extracted from the section headed "Accountants' Report on Frason" included in Appendix II to this circular and prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit/(loss) before taxation and extraordinary items	43,606	(668)
Net profit/(loss) after taxation and extraordinary items	36,130	(668)

The unaudited net assets of Frason as at 31 July 2007 was approximately HK$35.76 million.

Winner City and Win Extra

Winner City is incorporated in the British Virgin Islands, the sole business of which is the holding of the entire issued share capital of Win Extra, an investment holding company incorporated in Hong Kong. Win Extra is the registered and beneficial owner of the Win Extra Property, which is the sole asset of Win Extra. The Win Extra Property was acquired by Win Extra from various independent third parties for an aggregate cost of HK$120.63 million in October 2006.

The Win Extra Property, a residential building consisting of 12 units, is situated at Nos. 92A-C, Pok Fu Lam Road, Pokfulam, Hong Kong. The Win Extra Property is currently vacant and the Company plans to renovate the Win Extra Property for re-sale and/or rental purposes.

The following table sets out the consolidated financial results of the Winner City for the two financial years ended 31 March 2007, extracted from the section headed "Accountants' Report on Winner City" included in Appendix III to this circular and prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit before taxation and extraordinary items	62,263	N/A
Net profit after taxation and extraordinary items	50,989	N/A

The unaudited consolidated net assets of Winner City as at 31 July 2007 was approximately HK$49.03 million.

The following table sets out the financial results of the Win Extra for the two financial years ended 31 March 2007 prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit before taxation and extraordinary items	62,263	N/A
Net profit after taxation and extraordinary items	50,989	N/A

The unaudited net assets of Win Extra as at 31 July 2007 was approximately HK$49.03 million.

INFORMATION OF THE GROUP, THE FRASON VENDOR, THE WINNER CITY VENDOR AND THE LOAN VENDOR

The Group is principally engaged in property development and investment, building construction, repair, maintenance, renovation and fitting out, civil engineering and other contract works in Hong Kong.

The Frason Vendor, which is ultimately and wholly owned by Mr. Ngai, is an investment holding company for holding its interests in Frason. Mr. Ngai, being the Winner City Vendor and the Loan Vendor respectively, is the loan financier for Frason, Winner City and Win Extra.

REASONS AND BENEFITS FOR THE ACQUISITION

The Acquisition allows the Company to enlarge and strengthen its property portfolio with high quality assets. Unlike other existing properties of the Group which are primarily held for investment or development purposes, Frason Property is being and, upon Completion, will continue to be used as the Group's head office. With the saving of a monthly rental fee of HK$300,000 based on the existing tenancy of Frason Property, the Company can reduce its administrative expenses after the Acquisition. In respect of the Win Extra Property, it is the same type of property of the Group's other existing properties. The Directors consider that it has the potential to renovate for resale and/or rental purposes in future. The Company has no current intention to acquire additional property from Mr. Ngai and his associates.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after Completion but before completion of the Placing; and (iii) immediately after Completion and completion of the Placing.

As disclosed in the Announcement, the Company entered into a placing agreement with a placing agent on 28 August 2007 to procure Placees, on a fully underwritten basis, to subscribe for 188,952,000 new Shares at a price of HK$0.23 per Share. The Company intended to use the entire net proceeds from the Placing of approximately HK$42.46 million for the Group's general working capital and such net proceeds will not be used by the Company for the settlement of the consideration for the Acquisition. The Placing is conditional upon, among others, the Completion.

Shareholder	As at the Latest Practicable Date		Immediately after Completion but before the completion of the Placing		Immediately after Completion and completion of the Placing	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Mr. Ngai	5,406,000	0.57	5,406,000	0.42	5,406,000	0.36
Winhale Ltd. *(Note 1)*	490,934,400	51.96	490,934,400	37.98	490,934,400	33.14
Vendors *(Note 2)*	–	–	347,826,000	26.91	347,826,000	23.48
Sub-total for Mr. Ngai	**496,340,400**	**52.53**	**844,166,400**	**65.31**	**844,166,400**	**56.98**
Directors *(Note 3)*	**38,235,200**	**4.05**	**38,235,200**	**2.96**	**38,235,200**	**2.58**
Public Shareholders:–						
The Placees *(Note 4)*	–	–	–	–	188,952,000	12.75
Others	410,322,400	43.42	410,322,400	31.73	410,322,400	27.69
Sub-total for public Shareholders	**410,322,400**	**43.42**	**410,322,400**	**31.73**	**599,274,400**	**40.44**
Total	**944,898,000**	**100.00**	**1,292,724,000**	**100.00**	**1,481,676,000**	**100.00**

Note

1. These Shares are legally and beneficially owned by Winhale Ltd., which is ultimately and beneficially owned by Xyston Trust. Xyston Trust is a discretionary family trust set up by Mr. Ngai for the benefits of Mr. Ngai and his family members.

2. 347,826,000 Shares represents the Consideration Shares to be issued to the Vendors as part of the consideration for the Acquisition upon Completion.

3. 30,888,000 Shares are legally and beneficially owned by Business Success Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yau Kwok Fai, an executive Director; and 7,347,200 Shares are legally and beneficially owned by Mr. Li Chi Pong, another executive Director.

4. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, Frason, Winner City and Win Extra will become the wholly-owned subsidiaries of the Company and their results will be consolidated with the accounts of the Company.

Based on the unaudited pro forma combined statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this circular, total assets, total liabilities and net assets value of the Group or the Enlarged Group (as applicable) are as follows:

	Group before Completion	Enlarged Group pro forma combined after Completion
	HK$'000	*HK$'000*
As of 31 March 2007		
Total assets	1,201,178	1,471,805
Total liabilities	892,601	1,101,978
Net asset value	308,577	369,827

Based on the unaudited pro forma combined income statement of the Enlarged Group as set out in Appendix IV to this circular, the Group's net income would increase by HK$47,597,000 should the Acquisition be completed at the beginning of the financial year ended 31 March 2007.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group will continue to bid contracts of new works as well as maintenance works from the Government of Hong Kong. It is expected that more opportunities will arise from the public sector. On 1 July 2007, the Hong Kong Government set up the Development Bureau and has announced that it will spend HK$29 billion per year in infrastructure development. Furthermore, in preparation of the East Asian Games 2009 to be held in Hong Kong, the Hong Kong Government is upgrading various existing sport and recreation facilities. Subsequent to 31 March 2007, the Group has secured the contract for improvement works to Kowloon Park Swimming Pool and Hong Kong Stadium with a contract value of HK$170 million. The Group anticipates that it will further benefit from the increasing public spending in construction works.

NEW GENERAL MANDATE

At the annual general meeting of the Company held on 24 August 2007, the Shareholders approved, amongst other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue up to 188,955,600 Shares, which represents 20% of the issued share capital of the Company as at the date of passing of the resolution.

As disclosed in the Announcement, the Company agreed to place through Get Nice Investment Limited, on a fully underwritten basis, 188,952,000 new Shares at a price of HK$0.23 per Share. The Placing Shares will be allotted and issued pursuant to the Existing General Mandate. As at the Latest Practicable Date, no Shares have been issued and allotted pursuant to the Existing General Mandate. The Placing will utilize almost all the 188,955,600 Shares that are allowed to be issued and allotted pursuant to the Existing General Mandate. Upon the issue and allotment of the Placing Shares, 3,600 Shares will remain available to be issued and allotted pursuant to the Existing General Mandate.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for general working capital and/or for its future business development including but not limited to potential merger and acquisition opportunities, the Board proposes, among other things, to seek approval from the Independent Shareholders at the SGM to the New General Mandate to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

Based on the 944,898,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued prior to the SGM, subject to the passing of the relevant ordinary resolution to approve the New General Mandate at the SGM, the Directors will be authorized to allot and issue up to a limit of 188,979,600 Shares under the New General Mandate. The Directors consider that the New General Mandate will enhance the flexibility for the Company to manage its business and therefore the New General Mandate is fair and reasonable and the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the existing limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 84,480,000 Shares, representing 10% of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 5 August 2002 at which the existing scheme mandate limit was refreshed. Since the approval of the refreshed scheme mandate limit on 5 August 2002 and up to the Latest Practicable Date, the Company has granted to the grantees options to subscribe for a total of 37,621,200 Shares under the Share Option Scheme. As at the Latest Practicable Date, options to subscribe for 33,301,200 Shares were outstanding.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including employees and directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders to refresh the scheme mandate limit of the Share Option Scheme at the SGM. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

Based on the 944,898,000 Shares in issue as the Latest Practicable Date and assuming that no further Shares are repurchased and issued and no share options are being granted prior to the SGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorized to issue options to subscribe for a total of 94,489,800 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option Scheme and the aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

The refreshment of the scheme mandate limit of the Share Option Scheme is conditional upon:

(i) the passing of an ordinary resolution at the SGM to approve the refreshment of the scheme mandate limit of the Share Option Scheme by the Shareholders; and

(ii) the Listing Committee of the Stock Exchange granted the listing of, and permission to deal in the Shares to be issued upon exercise of options to be granted under the refreshed scheme mandate limit of the Share Option Scheme.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in the Shares to be issued upon exercise of options to be granted under the refreshed scheme mandate limit of the Share Option Scheme.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Ngai, the ultimate beneficial owner of the Vendors, is a controlling shareholder of the Company by virtue of his beneficial interest in 496,340,400 Shares, representing approximately 52.53% of the existing issued share capital of the Company. Accordingly, Mr. Ngai and his respective associates (including without limitation to the Vendors) are connected persons of the Company for the purposes of the Listing Rules. The entering into of the Sale and Purchase Agreement thus constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll at the SGM. As at the Latest

Practicable Date, Mr. Yau Kwok Fai, an executive Director and the brother-in-law of Mr. Ngai (an associate of Mr. Ngai), owned 30,888,000 Shares through his wholly owned company, Business Success Limited. Accordingly, Mr. Ngai, Mr. Yau Kwok Fai and their respective associates shall abstain from voting in respect of the resolution approving the Acquisition at the SGM.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the SGM at which the controlling Shareholders and their associates or if there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution to be proposed in respect of the New General Mandate. Accordingly, Mr. Ngai, Mr. Yau Kwok Fai and their respective associates shall abstain from voting in respect of the resolution approving the New General Mandate at the SGM. Pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the SGM will be taken by poll.

The Independent Board Committee has been formed to advise the Independent Shareholders on the Acquisition and the New General Mandate. Menlo has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The notice convening the SGM is set out on pages 195 to 199 of this circular. The SGM will be convened at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong at 12:00 noon on Tuesday, 9 October 2007 for the purpose of, considering and, if thought fit, to approve the Acquisition, the New General Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to clause 66 of the existing bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded:

(a) by the chairman of such meeting; or

(b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and entitled to vote at the meeting; or

(c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

Your attention is drawn on (i) the letter from the Independent Board Committee set out on page 18 which contain its advice to the Independent Shareholders in respect of the Acquisition and the New General Mandate; and (ii) the letter from Menlo set out on pages 19 to 34 of this circular which contain its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the New General Mandate. The Independent Board Committee, having taken into account the advice of Menlo in relation to the Acquisition and the New General Mandate, is of the opinion that the Acquisition and the New General Mandate are in the best interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommended the Independent Shareholders to vote in favour of the relevant resolutions in respect of the Acquisition and the New General Mandate to be proposed at the SGM.

The Board is of the opinion that it is in the interest of the Company and the Shareholders to approve the Acquisition, the New General Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme. Accordingly, the Board recommends the Shareholders to vote in favor the respective resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn on the additional information contained in the appendices to this circular.

By order of the Board
Vantage International (Holdings) Limited
Li Chi Pong
Executive Director

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
盈信控股有限公司

(incorporated in Bermuda with limited liability)
(Stock Code: 15)

21 September 2007

To the Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND NEW GENERAL MANDATE

We have been appointed as members of the Independent Board Committee to advise you in connection with the Acquisition and the New General Mandate, details of which are set out in the letter from the Board in a circular dated 21 September 2007 issued by the Company to the Shareholders (the "Circular"), of which this letter forms a part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Your attention is drawn to the letter from Menlo concerning its advice to us regarding the Acquisition and the New General Mandate as set out on pages 19 to 34 of the Circular. Having considered the advice given by Menlo and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the opinion that the Acquisition and the New General Mandate are in the best interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the Acquisition and the New General Mandate.

Yours faithfully,
Independent Board Committee
Professor KO Jan Ming, IP Kwok Him, *GBS, JP* and FUNG Pui Cheung Eugene
Independent non-executive Directors

The following is the text of a letter from Menlo for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the New General Mandate

Menlo Capital Limited
Unit 06, 1st Floor, Beautiful Group Tower
77 Connaught Road Central
Hong Kong

21 September 2007

To the Independent Board Committee and the Independent Shareholders of
Vantage International (Holdings) Limited

Dear Sirs,

CONNECTED TRANSACTION AND REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Shareholders in connection with the connected transaction in relation to the proposed Acquisition contemplated under the Sale and Purchase Agreement and the New General Mandate, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 21 September 2007 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 28 August 2007, the Purchaser, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Vendors and the Loan Vendor whereby (a) the Purchaser conditionally agreed to acquire and the Frason Vendor conditionally agreed to sell the Frason Shares; (b) the Purchaser conditionally agreed to acquire and the Winner City Vendor conditionally agreed to sell the Winner City Share; and (c) the Purchaser conditionally agreed to acquire and the Loan Vendor conditionally agreed to sell the Frason Loan and the Win Extra Loan.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for general working capital and/or for its future business development including but not limited to potential merger and acquisition opportunities, the Board proposed, among other things, to seek approval from the Independent Shareholders at the SGM to the New General Mandate to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

As at the Latest Practicable Date, Mr. Ngai, the ultimately beneficial owner of the Vendors, is a controlling shareholder of the Company. Accordingly, Mr. Ngai and his respective associates are connected persons of the Company for the purposes of the Listing Rules. The entering into of the Sale and Purchase

Agreement thus constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. As at the Latest Practicable Date, Mr. Yau Kwok Fai, an executive Director and the brother-in-law of Mr. Ngai (an associate of Mr. Ngai), owned 30,888,000 Shares through his wholly owned company, Business Success Limited. Accordingly, Mr. Ngai, Mr. Yau Kwok Fai and their respective associates shall abstain from voting in respect of the resolution approving the Acquisition at the SGM.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the SGM at which the controlling Shareholders and their associates or if there are no controlling Shareholders, the Directors (excluding the independent non-executive directors) and their associates shall abstain from voting in favour of the resolution to be proposed in respect of the New General Mandate. Accordingly, Mr. Ngai, Mr. Yau Kwok Fai and their respective associates shall abstain from voting in respect of the resolution approving the New General Mandate at the SGM. Pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the SGM will be taken by poll.

The Independent Board Committee, comprising Professor Ko Jan Ming, Mr. Ip Kwok Him and Mr. Fung Pui Cheung Eugene, being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the New General Mandate are fair and reasonable so far as the Shareholders are concerned and whether they are in the ordinary course of business, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular which have been provided to us by the Directors and which the Directors consider to be complete and relevant, and have assumed that the statements made were true, accurate and complete at the time they were made and continue to be true on the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent investigation into the business and affairs of the Company. We have taken all reasonable steps pursuant to rule 13.80 of the Listing Rules which include the following:

(a) obtaining all the information and documents relevant to an assessment of the fairness and reasonableness of the Acquisition, including but not limited to, the announcement of the Company dated 30 July 2007, the Letter from the Board, the Sale and Purchase Agreement, the valuation reports of the Frason Property and Win Extra Property from Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, the independent valuer (the "Independent Valuer"), the annual report of the Company for the year ended 31 March 2007 and the unaudited accounts of Frason and Winner City for the years ended 31 March 2006 and 2007 and for the month ended 31 July 2007;

(b) reviewing the performance and financial situation of the Company, Frason and Winner City as well as the reasons and background of the Acquisition;

(c) reviewing the terms of the Sale and Purchase Agreement;

(d) reviewing the fairness, reasonableness and completeness of the assumptions made in the valuation reports of the Independent Valuer;

(e) without limiting the generality of paragraph (c) above, in relation to the Independent Valuer providing an opinion or valuation relevant to the transaction:

   (i) interviewing the Independent Valuer including as to its expertise and any current or prior relationships with the issuer, other parties to the transaction and connected persons of either the issuer or another party to the transaction;

   (ii) reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer's report, opinion or statement); and

   (iii) where the independent financial adviser is aware the issuer or another party to the transaction has made formal or informal representations to the Independent Valuer, assessing whether the representations are in accordance with the independent financial adviser's knowledge.

PRINCIPAL FACTORS AND REASONS CONSIDERED

THE SALE AND PURCHASE AGREEMENT

The Board announced on 30 August 2007 that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors and the Loan Vendor whereby (a) the Purchaser conditionally agreed to acquire and the Frason Vendor conditionally agreed to sell the Frason Shares; (b) the Purchaser conditionally agreed to acquire and the Winner City Vendor conditionally agreed to sell the Winner City Share; and (c) the Purchaser conditionally agreed to acquire and the Loan Vendor conditionally agreed to sell the Frason Loan and the Win Extra Loan.

The total consideration (subject to adjustment) payable by the Purchaser under the Sale and Purchase Agreement is approximately HK$150 million and shall be satisfied as (i) approximately HK$70 million in cash from internal resources of the Group and new bank financing to be arranged by the Group; and (ii) the balance of HK$80 million by the issue of 347,826,000 Consideration Shares at the issue price of HK$0.23 per Consideration Share. The Consideration Shares represent approximately 36.82% of the Company's existing issued share capital and approximately 26.91% of its issued share capital as enlarged by the issue of the Consideration Shares.

In arriving at our opinion and recommendation to the Independent Board Committee and the Shareholders in relation to the Acquisition and the terms of the Sale and Purchase Agreement, we have considered the following principal factors and reasons:

I. Background and Reasons for the acquisition

The Group is principally engaged in property development and investment, building construction, repair, maintenance, renovation and fitting out, civil engineering and other contract works in Hong Kong.

The Directors consider that, the Acquisition allows the Company to enlarge and strengthen its property portfolio with high quality assets. Unlike other existing properties of the Group which are primarily held for investment or development purposes, Frason Property is being and, upon Completion, will continue to be used as the Group's head office. With the saving of a monthly rental fee of HK$300,000 based on the existing tenancy of Frason Property, the Company can reduce its administrative expenses after the Acquisition. In respect of the Win Extra Property, it is the same type of property of the Group's other existing properties. The Directors consider that it has the potential to renovate for resale and/or rental purposes in future. The Company has no current intention to acquire additional property from Mr. Ngai and his associates.

The Frason Vendor, which is ultimately and wholly owned by Mr. Ngai, is an investment holding company for holding its interests in Frason. Mr. Ngai, being the Winner City Vendor and the Loan Vendor respectively, is the loan financier for Frason, Winner City and Win Extra.

INFORMATION ON FRASON AND WINNER CITY

Frason

Frason is an investment holding company incorporated in Hong Kong. It is the registered and beneficial owner of the Frason Property, which is the sole asset of Frason. The Frason Property was acquired by Frason from an independent third party at a cost of approximately HK$73 million in November 2005.

The Frason Property is a building situate at No. 155 Waterloo Road, Kowloon Tong, Hong Kong. The Frason Property is currently leased to the Company for its head office and principal place of business. This situation will remain the same after Completion.

The following table sets out the financial results of the Frason for the two financial years ended 31 March 2007, extracted from the section headed "Accountants' Report on Frason" included in Appendix II to this circular and prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit/(loss) before taxation and extraordinary items	43,606	(668)
Net profit/(loss) after taxation and extraordinary items	36,130	(668)

The unaudited net assets of Frason as at 31 July 2007 was approximately HK$35.76 million.

Winner City and Win Extra

The sole business of Winner City is the holding of the entire issued share capital of Win Extra, an investment holding company incorporated in Hong Kong. Win Extra is the registered and beneficial owner of the Win Extra Property, which is the sole asset of Win Extra. The Win Extra Property was acquired by Win Extra from various independent third parties for an aggregate cost of HK$120.63 million in October 2006.

The Win Extra Property, a residential building consisting of 12 units, is situated at Nos. 92A-C, Pok Fu Lam Road, Pokfulam, Hong Kong. The Win Extra Property is currently vacant and the Company plans to renovate the Win Extra Property for re-sale and/or rental purposes.

The following table sets out the consolidated financial results of the Winner City for the two financial years ended 31 March 2007, extracted from the section headed "Accountants' Report on Winner City" included in Appendix III to this circular and prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit before taxation and extraordinary items	62,263	N/A
Net profit after taxation and extraordinary items	50,989	N/A

The unaudited consolidated net assets of Winner City as at 31 July 2007 was approximately HK$49.03 million.

The following table sets out the financial results of the Win Extra for the two financial years ended 31 March 2007 prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Net profit before taxation and extraordinary items	62,263	N/A
Net profit after taxation and extraordinary items	50,989	N/A

The unaudited net assets of Win Extra as at 31 July 2007 was approximately HK$49.03 million.

Upon Completion, Frason, Winner City and Win Extra will become the wholly owned subsidiaries of the Company and their results will be consolidated with the accounts of the Company.

II. Terms of the Sale and Purchase Agreement

The proposed Acquisition is the acquisition of 100% interest in Frason and Winner City. The principal terms of the Sale and Purchase Agreement are set out under the section "The Sale and Purchase Agreement" in the Letter from the Board.

We have reviewed the Sale and Purchase Agreement. No irregular terms are noted. Based on the existing terms including but no limited to, (i) the settlement methods by way of cash and the Consideration Shares; and (ii) the consideration be calculated with reference to net assets of Frason and Winner City, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial basis.

Consideration of the Acquisition

In an attempt to evaluate the fairness of the consideration of the Acquisition, we have considered the following approaches:

(i) Price to net assets value

The total consideration for the Acquisition is with reference to the aggregated value of the unaudited net assets of Frason and Win Extra and the unaudited face value of the Frason Loan and Win Extra Loan in the amount of approximately HK$150 million (subject to adjustment to the items (i) to (iv) below with reference to the accounts of Frason, Winner City and Win Extra as at the Completion Date):

(i) the unaudited net assets of Frason (after deducting the Frason Loan) of approximately HK$43.2 million as at 31 July 2007;

(ii) the unaudited face value of the Frason Loan of approximately HK$25.3 million as at 31 July 2007;

(iii) the unaudited consolidated net assets of Winner City and Win Extra (after deducting Win Extra Loan) of approximately HK$60.3 million as at 31 July 2007; and

(iv) the unaudited face value of the Win Extra Loan of approximately HK$21.2 million as at 31 July 2007.

Since the purchase price is reference to the net book values of the assets being acquired, there should not arise any premium immediately upon the Completion. On this basis, we are of the view that the consideration for the Acquisition is fair and reasonable.

(ii) Independent professional valuation

The valuation was made on the assumption that the owner sold the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to likely increase the market value of the property.

The valuation was the Independent Valuer's opinion of the market value of the Frason Property of HK$115,750,000 and the Win Extra Property of HK$185,000,000 as at 26 August 2007 of which the value was defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Since the property is leased to Able Engineering Company Limited, a related company with common ultimate controlling shareholder to Frason Holdings Limited, the market value of the property was assessed by way of investment valuation method on the basis of the existing office use and state of the property.

Under this valuation approach, the Independent Valuer had taken into account the direct or similar rental comparables in the locality or nearest to the location of the property as the base of valuation analysis and comparison. The investment valuation method was to, under the instant case, capitalize the value of the streams of net rental income during the term of existing tenancy and upon the reversion with the appropriate market rates of return. The summation of the term value and reversion value was equal to the capital value.

Adjustment had been allowed for the discrepancies between the subject property and the direct or similar rental comparables in respect of various factors including but not limited to location, accessibility, number of floors, view, size, condition, layout, ceiling height, and date of transaction, in order to reduce the comparables to the same basis of the property for direct comparison and analysis.

For the Frason property, since the land of the property was stipulated to be the residential use, the assessment of market value was counter-checked based on the hybrid direct comparison valuation method and depreciated replacement costs for the part of land and for the part of superstructures accordingly.

For the part of the landed asset, direct comparison valuation method was adopted. the Independent Valuer had taken into account the direct or similar sales comparables in the locality or nearest to the location of the property as the base of valuation analysis and comparison, with reference to the re-development potential of the property. Adjustment had been allowed for the discrepancies between the subject property and the direct or similar comparables in respect of various factors including but not limited to location, accessibility, view, size, layout, topography, access, and date of transaction, in order to reduce the comparables to the same basis of the property for direct comparison and analysis.

For the part of the existing superstructures, the depreciated replacement cost valuation approach was adopted for our valuation. Adjustment was allowed for the value of building construction erected thereon for the factors of economical, functional and physical conditions to the buildings due to the issue of obsoleteness.

The summation of the land value and building value was equal to the capital value. The depreciated replacement cost valuation approach adopted the presumption that the property interests would not be sold at the price less than the total development costs of the buildings per se.

The Independent Valuer had relied to a considerable extent on information provided by the Company. In the instant case, the Independent Valuer was not provided with extracts from title documents relating to the property. According to the Independent Valuer's capacity, the Independent Valuer had only caused searches to be made at the Land Registry in Hong Kong. However, it was beyond the Independent Valuer's capability to search the original documents, ascertain the validity of ownership, and/or to verify amendments to the covenants of the first or subsequent Deed for title assignment.

The Independent Valuer had inspected the exterior and the internal of the property only. But, the Independent Valuer had not inspected those parts of the property which were covered, unexposed or inaccessible and such parts had been assumed to be in reasonable condition. In the course of our inspection, the Independent Valuer did not note any serious defects. The Independent Valuer was not, however, able to report that the property was free from rot, infestation or any other structural defects, nor had any tests been carried out to any of the services in the property.

The Independent Valuer's valuation had assumed that the lot boundary of the property and the area data were correct and accurate under the incomplete survey of the property. For the purpose of this valuation, the Independent Valuer had assumed that the physical condition of the property is good.

Opinion on the approaches

We are of the view that the price to earning approach, usually applied to assess acquisition of a business is not applicable to form a view on the fairness of the consideration of the Acquisition since the Acquisition merely represents the purchase of the Properties.

The total consideration of the Acquisition is reference to the aggregated value of the unaudited net assets of Frason, Winner City and Win Extra and the unaudited face value of the Frason Loan and Win Extra Loan in the amount of approximately HK$150 million which have taken into account the valuation of the property valuated by the Independent Valuer and was determined after arm's length negotiations between the parties. We consider that the aggregate consideration of the Acquisition contemplated under the Sale and Purchase Agreement, being evaluated under both the price to net assets value approach and the independent professional valuation approach, is fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

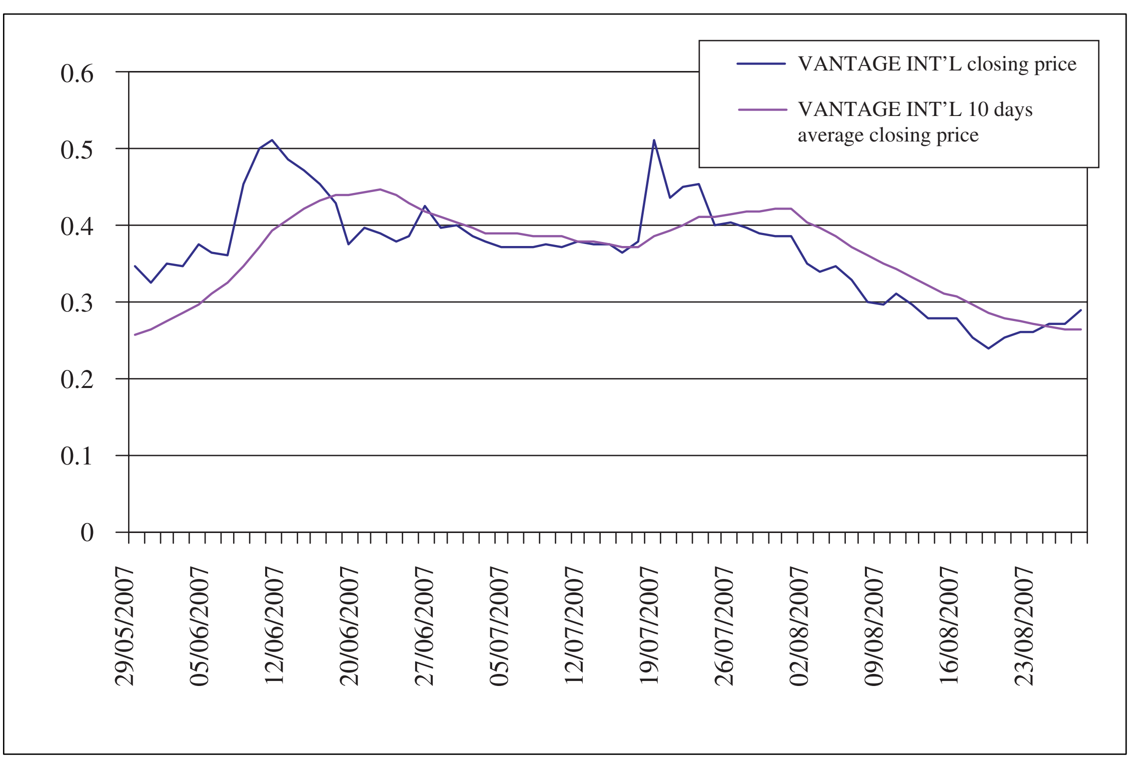
Consideration Shares

Among the total consideration of the Purchase Agreement of approximately HK$150 million, HK$80 million shall be satisfied by the issue of 347,826,000 Consideration Shares at the issue price of HK$0.23 per Consideration Share.

The issue price of HK$0.23 per Consideration Share represents (i) a discount of approximately 14.81% to the closing price of the Shares of HK$0.27 quoted on the Stock Exchange on 28 August 2007, being the date of the Sale and Purchase Agreement; (ii) a discount of approximately 14.81% to the average closing price of the Shares of HK$0.27 quoted on the Stock Exchange for the five consecutive trading days up to and including 27 August 2007, the last trading day immediately prior to the date of the Sale and Purchase Agreement; and (iii) a discount of approximately 13.53% to the average closing price of the Shares of HK$0.266 quoted on the Stock Exchange for the ten consecutive trading days up to and including 27 August 2007.

The issue price of HK$0.23 per Consideration Share was determined after arm's length negotiations between the Company and the Vendors and with reference to recent traded prices of the Shares and the price of the Placing Shares. Reference has been made to the price of Placing Shares as the Placing Shares will be placed to independent third parties.

To study the recent traded prices of the Shares on which the Company and the Vendors determined the price of the Consideration Share, we have reviewed Shares quoted on the Stock Exchange for three months up to and including 27 August 2007. The closing prices of Shares and the average closing prices for the ten consecutive trading days of the Shares quoted on the Stock Exchange for three months up to and including 27 August 2007 are shown below:



Among the recent traded prices of the Shares, it is noted that there was a general downward trend of the closing prices of the Shares to HK$0.29 on 27 August 2007 since it reached HK$0.51 on 18 July 2007 and that the there was a continuous downward trend of the 10 days average closing price of the Shares to HK$0.266 on 27 August 2007 since it reached HK$0.421 on 31 July 2007.

We are of the view that the discounts of the issue price of the Consideration Shares to the traded prices of the Shares are fair and reasonable given that it is same as the Placing Price with the downward trends of the closing prices and the average closing price to 27 August 2007 and that the Vendors will accept the Consideration Shares instead of immediate cash settlement as part of the consideration of the Acquisition.

III. Financial Effects of the Acquisition

(i) Earnings effect

The acquisition of the Frason Property, which is currently leased by the Group for its head office, will immediately save the Group's annual rental expenses by HK$3.6 million (HK$300,000 per month).

Based on the unaudited pro forma financial information of the Enlarged Group as included in Appendix IV to the Circular, the Group will arrange new bank loans to the maximum extent of approximately HK$190.7 million for repayment of Frason Property Bank Loan, the Win Extra Property Property Loan, part of the Frason Loan and Win Extra Loan. We have reviewed the indicative banking facilities offer letters and the loan repayment schedules provided by the Company and noted the indicative interest rates of the new mortgage. The annual mortgage loan interest expenses are estimated to be approximately HK$6 million in the initial years.

Based on the unaudited pro forma financial information of the Enlarged Group as included in Appendix IV to the Circular, since the Frason Property will be accounted for as leasehold land and building after the Acquisition, the Directors estimate that the Group would incur additional annual depreciation and amortization of approximately HK$2.9 million.

Based on the unaudited pro forma financial information of the Enlarged Group as included in Appendix IV to the Circular, the Directors estimate that the increases in interest expenses and depreciation and amortization expenses as offset by the decrease in rental expense would result in an annual net loss effect of approximately HK$5.3 million immediately after the Acquisition. However, given that (i) the current properties market in Hong Kong is in good sentiment and the Directors are confident on the future prospect of the properties market; and (ii) the market values of the Properties have increased by approximately HK$107 million over the past two years. Based on the Price Indices for Hong Kong Property Market released by the Rating and Valuation Department of Hong Kong in 2007 that, (i) the Office Property Index surges from the lowest of approximately 60 in mid-2003 to approximately 160 in mid 2007; and (ii) the Retails Property Index surges from the lowest of approximately 80 in mid-2003 to approximately 170 in mid-2007, accordingly we are of the view that the net negative financial effects may be offset by the potential valuation upward effect of the Properties in longer term.

Apart from the above net loss effect of HK$5.3 million which are recurring in nature, the Directors estimate that there will be an excess of consideration over the sum of net assets of Frason and Winner City amounting to approximately HK$18.9 million written off to the income statement immediately after the Acquisition. Based on the unaudited pro forma financial information of the Enlarged Group as included in Appendix IV to the Circular, such one-off charge mainly relates to the deferred taxation arising from the revaluation of the Properties.

(ii) Net assets value effect

Upon Completion, Frason, Winner City and Win Extra will become the wholly-owned subsidiaries of the Company and their results will be consolidated with the accounts of the Company.

Part of the consideration of the Acquisition will be settled by issue of the Consideration Shares. As stated under the section of "Financial Effects of the Acquisition" in the Letter from the Board, the net assets value of the Group will (i) increase by HK$80 million due to the issue of the Consideration Shares; and (ii) decrease by approximately HK$18.8 million as a result of the excess of the Consideration over the net assets being acquired, i.e net increase of HK$61.2 million immediately after the Completion. However, the net assets value per Share will decrease from approximately HK$0.327 to HK$0.286 immediately after the Completion.

(iii) Cash flow effect

Upon signing of the Sale and Purchase Agreement, HK$30 million cash has been paid to the Vendors as a deposit.

Based on the indicative banking facilities offer letters and the loan repayment schedules provided by the Company, we share the view of the Directors that the new mortgage loans could be arranged to be repayable in the range of 15 to 20 years. We also noted that the aggregate monthly installment of the new mortgage loans will be approximately HK$1.5 million. The Directors consider this will not have significant cash flow pressure under current financial position of the Group.

On the other hand, the saving of monthly rental expense of HK$300,000 (i.e HK$3.6 million per annum) in relation to the Frason Property will partially offset the cash outflow of repayment of mortgage loan.

Overall, it is estimated that there will be a net cash outflow as a result of the increase in mortgage installment and the rental saving of approximately HK$1.2 million per month immediately after the Completion.

(iv) Gearing ratio

The gearing ratio (measured as total bank borrowings and finance leases payables less pledged deposits and cash and cash equivalents, divided by total shareholders' equity) of the Group will increase from 163% (based on the audited financial information of the Group as at 31 March 2007) to 196% (based on the pro forma financial information of the Group set out in Appendix IV) immediately after the Completion.

(v) Overall effect and opinion

We are of the view that apart from the improvement of the Group's net assets values, the Acquisition will have slightly immediate negative impacts on the earnings, cash flows and gearing ratio of the Group. However, we concur with the Directors' view that (i) this is an usual and common phenomenon when an entity acquiring properties for long term purpose; and (ii) the long term benefit for holding the Properties, including but not limited to the potential to resale and/or rental or potential revaluation upward effect of the Properties, will outweigh the immediate negative financial impacts arising from the Acquisition.

IV. Effects of the Acquisition on the shareholding structure

Shareholder	**Existing**		**Immediately after Completion but before the Placing**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mr. Ngai	5,406,000	0.57	5,406,000	0.42
Winhale Ltd. *(Note 1)*	490,934,400	51.96	490,934,400	37.98
Vendors	–	–	347,826,000	26.91
Sub-total for Mr. Ngai	**496,340,400**	**52.53**	**844,166,400**	**65.31**
Directors *(Note 2)*	**38,235,200**	**4.05**	**38,235,200**	**2.96**
Public Shareholders:	410,322,400	43.42	410,322,400	31.73
Sub-total for public Shareholders	**410,322,400**	**43.42**	**410,322,400**	**31.73**
Total	**944,898,000**	**100.00**	**1,292,724,000**	**100.00**

Note

1. These Shares are legally and beneficially owned by Winhale Ltd., which is ultimately and beneficially owned by Xyston Trust. Xyston Trust is a discretionary family trust set up by Mr. Ngai for the benefits of Mr. Ngai and his family members.

2. 30,888,000 Shares are legally and beneficially owned by Business Success Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yau Kwok Fai, an executive Director and 7,347,200 Shares are legally and beneficially owned by Mr. Li Chi Pong, another executive Director.

Taken into account that (i) the entering into the Sale and Purchase Agreement allows the Company to enlarge and strengthen its property portfolio with high quality assets; and (ii) the Acquisition of the Properties may contribute positive financial effects to the Group in the long term as we mentioned in paragraph headed "Financial Effect of the Acquisition", we consider that the above potential dilution to the shareholding of the Independent Shareholders to be justifiable.

OPINION ON THE SALE AND PURCHASE AGREEMENT

Having taken into consideration of the above principal factors and reasons, in particular:

1. the entering into the Sale and Purchase Agreement allows the Company to enlarge and strengthen its property portfolio with high quality assets;

2. after the Acquisition of the Frason Property, the Group can reduce its administrative expenses with the saving of a monthly rental fee of HK$300,000 based on the existing tenancy of Frason Property;

3. the Acquisition of the Win Extra Property is in the ordinary course of business of the Company;

4. the acquisition of the Frason Loan and the Win Extra Loan at the face value is fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned;

5. the entering into the Sale and Purchase Agreement is expected to have slightly negative effects on the earnings, net assets per Share, cash flows and gearing ratio of the Group immediately after the Completion,

we are of the view that the entering into the Sale and Purchase Agreement is in the ordinary course of business and in the interests of the Company and the Shareholders as a whole and that the Sale and Purchase Agreement are on normal commercial terms and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned.

NEW GENERAL MANDATE

At the annual general meeting of the Company held on 24 August 2007, the Shareholders approved, amongst other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue up to 188,955,600 Shares, which represents 20% of the issued share capital of the Company as at the date of passing of the resolution.

As disclosed in the Announcement, the Company agreed to place through Get Nice Investment Limited, on a fully underwritten basis, 188,952,000 new Shares at a price of HK$0.23 per Share. The Placing Shares will be allotted and issued pursuant to the Existing General Mandate. As at the Latest Practicable Date, no Shares have been issued and allotted pursuant to the Existing General Mandate. The Placing will utilize almost all the 188,955,600 Shares that are allowed to be issued and allotted pursuant to the Existing General Mandate. Upon the issue and allotment of the Placing Shares, 3,600 Shares will remain available to be issued and allotted pursuant to the Existing General Mandate.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for general working capital and/or for its future business development including but not limited to potential merger and acquisition opportunities, the Board proposes, among other things, to seek approval from the Independent Shareholders at the SGM to the New General Mandate to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

Based on the 944,898,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued prior to the SGM, subject to the passing of the relevant ordinary resolution to approve the New General Mandate at the SGM, the Directors will be authorized to allot and issue up to a limit of 188,979,600 Shares under the New General Mandate. The Directors consider that the New General Mandate will enhance the flexibility for the Company to manage its business and therefore the New General Mandate is fair and reasonable and the granting of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Set out below is a table showing (i) the shareholding structure of the Company as at the Latest Practicable Date; and (ii) for illustrative purpose, the shareholding structure of the Company upon full utilization of the New General Mandate (assuming that the New General Mandate will be approved at the SGM and that no new Shares will be issued or no Shares will be repurchased by the Company between the Latest Practicable Date and the date of the SGM):

Shareholder	**As at the Latest Practicable Date**		**Upon full utilization of the New General Mandate**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mr. Ngai	5,406,000	0.57	5,406,000	0.48
Winhale Ltd. *(Note 1)*	490,934,400	51.96	490,934,400	43.29
Sub-total for Mr. Ngai	**496,340,400**	**52.53**	**496,340,400**	**43.77**
Directors *(Note 2)*	38,235,200	4.05	38,235,200	3.37
Shares to be issued under the New General Mandate			188,979,600	16.67
Existing Public Shareholders:	410,322,400	43.42	410,322,400	36.19
Total	944,898,000	100.00	1,133,877,600	100.00

Note

1. These Shares are legally and beneficially owned by Winhale Ltd., which is ultimately and beneficially owned by Xyston Trust. Xyston Trust is a discretionary family trust set up by Mr. Ngai for the benefits of Mr. Ngai and his family members.

2. 30,888,000 Shares are legally and beneficially owned by Business Success Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yau Kwok Fai, an executive Director and 7,347,200 Shares are legally and beneficially owned by Mr. Li Chi Pong, another executive Director.

The Board considers equity financing to be an important avenue of resources to the Company since it does not create any interest paying obligations on the Company. In appropriate circumstances, the Company will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

While the Board has no concrete funds raising proposal, the Board is now proposing to seek the approval of the Independent Shareholders at the SGM of the New General Mandate such that should funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly because fund raising exercise pursuant to a general mandate provides the Company a more simple and less lead time process than other types of fund raising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

We consider that the granting of the New General Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the increase in the amount of capital which may be raised under the New Issue Mandate would improve the overall financial position of the Group which in turn could provide more options for financing to the Group when assessing and negotiating potential investments and/or acquisitions in a timely manner without increasing the liabilities under the debt financing methods.

There is a possible dilution effect arising from the possible placing of new shares under the New General Mandate. As can be seen from the above table, the aggregate shareholding of the existing public Shareholders will be decreased from approximately 43.42% as at the date of the EGM to approximately 36.18% upon full utilization of the New General Mandate. The Company has no current intention to issue any new shares immediately after the grant of the New General Mandate.

Having taking into the consideration of the above factors and reasons, we are of the view that the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole and the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

We are of the view that the entering into the Sale and Purchase Agreement is in the ordinary course of business and in the interests of the Company and the Shareholders as a whole and that the Sale and Purchase Agreement are on normal commercial terms and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to approve the Sale and Purchase Agreement at the SGM.

We are of the view that the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole and the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the New General Mandate.

Yours faithfully,
For and on behalf of
Menlo Capital Limited
Michael Leung
Director

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results and financial position of the Group for the three years ended 31 March 2007, as extracted from the unqualified annual report of the Company for the respective periods.

Consolidated Results

	Years ended 31 March		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	1,529,196	1,274,815	1,506,035
Profit before tax	43,054	58,858	50,017
Tax	(5,914)	(17,041)	(9,488)
Net profit	37,140	41,817	40,529

Consolidated Assets and Liabilities

	As at 31 March		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	1,201,178	1,026,784	691,498
Total liabilities	(892,601)	(755,532)	(462,063)
Net assets	308,577	271,252	229,435

2. AUDITED FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial statements of the Group for the financial years ended 31 March 2006 and 2007 together with the relevant notes to the accounts, as extracted from the unqualified audited financial statements of Group for the financial year ended 31 March 2007.

Consolidated Income Statement
Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	5	1,529,196	1,274,815
Contract costs		(1,447,906)	(1,203,545)
Property expenses		(1,441)	(1,118)
Gross profit		79,849	70,152
Other income and gains	5	36,322	65,278
Administrative expenses		(38,776)	(32,870)
Other expenses		(3,837)	(22,799)
Finance costs	7	(30,504)	(20,903)
PROFIT BEFORE TAX	6	43,054	58,858
Tax	10	(5,914)	(17,041)
PROFIT FOR THE YEAR		37,140	41,817
Attributable to:			
Equity holders of the parent	11	37,140	41,817
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		HK3.9 cents	HK4.4 cents
Diluted		HK3.9 cents	N/A

Consolidated Balance Sheet
31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	12,204	20,504
Properties held for development	15	115,586	115,500
Investment properties	16	412,810	518,790
Prepaid land lease payments	17	9,709	–
Deposits for purchases of properties		–	670
Total non-current assets		550,309	655,464
CURRENT ASSETS			
Gross amount due from customers for contract work	21	157,391	35,055
Properties under development	22	17,021	61,730
Property held for sale	23	44,833	–
Accounts receivable	24	192,759	138,235
Prepayments, deposits and other receivables	25	66,221	50,342
Amount due from a jointly-controlled entity	20	120	–
Derivative financial instruments	29	680	–
Tax recoverable		849	768
Pledged deposits	26	8,445	8,180
Cash and cash equivalents	26	49,550	77,010
		537,869	371,320
Non-current assets classified as held for sale	27	113,000	–
Total current assets		650,869	371,320
CURRENT LIABILITIES			
Accounts payable	28	262,370	194,055
Gross amount due to customers for contract work	21	44,133	51,392
Tax payable		1,286	1,387
Other payables and accruals		9,627	9,836
Derivative financial instruments	29	–	752
Interest-bearing bank and other borrowings	30	305,558	112,835
Total current liabilities		622,974	370,257
NET CURRENT ASSETS		27,895	1,063

	Notes	2007 HK$'000	2006 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		578,204	656,527
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	*30*	255,015	371,676
Finance lease payable	*31*	–	29
Deferred tax liabilities	*32*	14,612	13,570
Total non-current liabilities		269,627	385,275
Net assets		308,577	271,252
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*33*	23,519	23,519
Reserves	*35(a)*	285,058	247,733
Total equity		308,577	271,252

Consolidated Statement of Changes in Equity
Year ended 31 March 2007

	Issued capital	Share premium account	Contributed surplus	Goodwill reserve	Share option reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	23,519	75,391	11,421	(5,035)	–	124,139	229,435
Profit for the year	–	–	–	–	–	41,817	41,817
At 31 March 2006	23,519	75,391*	11,421*	(5,035)*	–*	165,956*	271,252
At 1 April 2006	23,519	75,391	11,421	(5,035)	–	165,956	271,252
Profit for the year	–	–	–	–	–	37,140	37,140
Equity-settled share option arrangements *(note 34)*	–	–	–	–	185	–	185
At 31 March 2007	23,519	75,391*	11,421*	(5,035)*	185*	203,096*	308,577

* These reserve accounts comprise the consolidated reserves of HK$285,058,000 (2006: HK$247,733,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement
Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		43,054	58,858
Adjustments for:			
Finance costs	7	30,504	20,903
Interest income	5	(7,455)	(3,276)
Depreciation	6	3,861	2,676
Amortisation of prepaid land lease payments	6	256	–
Impairment of properties held for development	6	–	5,883
Impairment of properties under development	6	171	1,251
Gain on disposals of items of property, plant and equipment, net	5	(6,440)	(5)
Write-off of items of property, plant and equipment	6	685	–
Write-off of an interest in a jointly-controlled entity	6	–	15
Changes in fair value of investment properties, net	5	(19,107)	(58,797)
Changes in fair value of derivative financial instruments	6	(1,432)	752
Impairment of goodwill	6	–	14,717
Equity-settled share option expense	34	185	–
		44,282	42,977
Increase in an amount due from a jointly-controlled entity		(120)	–
Decrease in an amount due to a jointly-controlled entity		–	(4)
Increase in properties held for development		(86)	(109,817)
(Increase)/decrease in gross amount due from customers for contract work		(122,336)	5,423
Increase in properties under development		(295)	(19,729)
(Increase)/decrease in accounts receivable		(54,524)	22,880
Increase in prepayments, deposits and other receivables		(15,623)	(15,374)
Increase/(decrease) in accounts payable		68,315	(33,673)
Increase/(decrease) in gross amount due to customers for contract work		(7,259)	22,620
Increase/(decrease) in other payables and accruals		(209)	4,057
Cash used in operations		(87,855)	(80,640)
Interest received		7,455	3,276
Interest paid		(30,504)	(21,798)
Interest element on finance lease rental payments		–	(2)
Hong Kong profits tax paid		(5,054)	(7,085)
Net cash outflow from operating activities		(115,958)	(106,249)

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	(8,782)	(5,346)
Purchases of investment properties		(1,443)	(204,593)
Proceeds from disposals of items of property, plant and equipment		22,955	11
(Increase)/decrease in pledged time deposits		(206)	22,038
Acquisition of subsidiaries	36	–	(2,464)
Net cash inflow/(outflow) from investing activities		12,524	(190,354)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		462,663	437,547
Repayment of bank loans		(389,085)	(168,845)
Capital element of finance lease rental payments		(50)	(50)
Net cash inflow from financing activities		73,528	268,652
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,906)	(27,951)
Cash and cash equivalents at beginning of year		59,725	87,676
CASH AND CASH EQUIVALENTS AT END OF YEAR		29,819	59,725
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	44,541	27,703
Non-pledged time deposits with original maturity of less than three months when acquired		5,009	49,307
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	26	2,101	2,042
Bank overdrafts	30	(21,832)	(19,327)
		29,819	59,725

Balance Sheet
31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	19	164,608	162,944
CURRENT ASSETS			
Prepayments, deposits and other receivables	25	11	–
Pledged deposits	26	4,155	4,020
Cash and cash equivalents	26	214	222
Total current assets		4,380	4,242
CURRENT LIABILITIES			
Other payables and accruals		1,755	1,814
Tax payable		202	262
Total current liabilities		1,957	2,076
NET CURRENT ASSETS		2,423	2,166
Net assets		167,031	165,110
EQUITY			
Issued capital	33	23,519	23,519
Reserves	35(b)	143,512	141,591
Total equity		167,031	165,110

Notes to Financial Statements
31 March 2007

1. CORPORATE INFORMATION

Vantage International (Holdings) Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

During the year, the Group was involved in the following principal activities:

- a wide range of construction, civil engineering, renovation and other contract works in public and private sectors in Hong Kong
- property investment
- property development

The Company is a public company with its shares listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors, the parent and the ultimate holding company of the Company is Winhale Ltd. ("Winhale"), a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries in the prior year had been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2.2 IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 39 *Financial Instruments: Recognition and Measurement*

Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(b) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entity

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of a jointly-controlled entity is included in the consolidated income statement and consolidated reserves, respectively. The Group's interest in a jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill previously eliminated against consolidated reserves

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated reserves in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, property held for sale, construction contract assets, deferred tax assets, financial assets, investment properties, goodwill and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease term and 20%
Leasehold land	Over the remaining term of the lease
Building	Over the shorter of the remaining term of the land lease and 40 years
Machinery and equipment	20% to 24%
Furniture, fixtures and office equipment	20% to 24%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use.

Properties held for development

Properties held for development are stated at cost less impairment losses. These properties are reclassified as properties under development when they are substantially ready for development.

Properties under development

Properties under development for re-sale are included under current assets and are stated at the lower of cost and net realisable value. Cost comprises acquisition cost, construction costs, interest and other direct attributable costs. Net realisable value is determined by reference to the estimated selling price less estimated total cost of the development and the estimated costs necessary to make the sale of the property.

Property held for sale

Property held for sale is stated in the balance sheet at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and building as a finance lease in property, plant and equipment.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, or loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on these financial assets are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing bank and other borrowings)

Financial liabilities including accounts payable, other payables and interest-bearing bank and other borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of interest rate swap contracts is determined by reference to market values of similar instruments.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract amount and the appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to the contract sum for each contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from construction, renovation and other contracts, based on the percentage of completion basis, as further explained in the accounting policy for "Construction, renovation and other contracts" above;

(b) from work orders of contracts for alterations, additions, repairs and maintenance, based on the value of individual work orders certified by relevant employers;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial assets; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 34 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked for the price of the shares of the Company ("market conditions"), if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and the end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a Mandatory Provident Fund Exempted Occupational Retirement Schemes Ordinance ("ORSO") retirement benefits scheme for those employees who are eligible to participate in the ORSO scheme. This scheme operates in a way similar to the MPF scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited employer's contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Properties held for development

The Group has leased out certain properties on a short term basis even it is the Group's intention to redevelop these properties at some stage for higher value and/or higher returns. Accordingly, these properties are stated as properties held for development in the balance sheet. At 31 March 2007, these properties had an aggregate carrying amount of HK$115,586,000 (2006: HK$115,500,000).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Construction, renovation and other contracts

As explained in note 2.4 to the financial statements, revenue and profit recognition on an incomplete project is dependent on the estimation of the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amounts due from customers for contract work as disclosed in note 21 to the financial statements will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the estimated amounts recorded to date.

Impairment test of assets

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of investment properties

As disclosed in note 16 to the financial statements, investment properties are revalued at the balance sheet date on market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the balance sheet date are used.

4. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments, which is chosen as the primary reporting format.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the building construction segment engages in construction contract work as a main contractor or subcontractor, primarily in respect of building construction;

(b) the renovation, repairs and maintenance segment engages in repairs, maintenance, renovation and fitting out works;

(c) the civil engineering works segment engages in roadworks, drainage and sewerage works, water supply works, utilities engineering works and landslip preventive and remedial works to slopes and retaining walls;

(d) the property investment segment invests in retail, commercial and residential premises for their rental income potential; and

(e) the property development segment engages in the development of properties.

There were no intersegment sales and transfers during the year (2006: Nil).

Business segments

The following tables present the revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

Group

	Building construction		Renovation, repairs and maintenance		Civil engineering works#		Property investment*		Property development**		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:												
Sales to external customers	577,034	681,619	796,021	506,710	137,596	74,334	15,165	8,837	3,380	3,315	1,529,196	1,274,815
Segment results	19,453	33,214	32,581	21,286	10,710	(10,099)	31,483	65,133	2,876	(4,209)	97,103	105,325
Interest and unallocated income and gains											17,215	6,481
Unallocated expenses											(40,760)	(32,045)
Finance costs											(30,504)	(20,903)
Profit before tax											43,054	58,858
Tax											(5,914)	(17,041)
Profit for the year											37,140	41,817

For the year ended 31 March 2006, the segment results of the civil engineering works segment included the impairment loss on goodwill of HK$14,717,000.

* The segment results of the property investment segment include the net gain on changes in fair value of investment properties of HK$19,107,000 (2006: HK$58,797,000).

** The segment results of the property development segment include the impairment loss on properties under development of HK$171,000 (2006: HK$1,251,000). For the year ended 31 March 2006, the segment results of the property development segment also included the impairment loss on properties held for development of HK$5,883,000.

Group

	Building construction		Renovation, repairs and maintenance		Civil engineering works		Property investment		Property development		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities												
Segment assets	161,053	139,910	156,918	61,089	51,860	17,009	525,999	519,602	177,440	177,288	1,073,270	914,898
Unallocated assets											127,908	111,886
Total assets											1,201,178	1,026,784
Segment liabilities	185,607	145,596	94,807	92,229	25,594	7,261	3,736	3,553	1,130	1,108	310,874	249,747
Unallocated liabilities											581,727	505,785
Total liabilities											892,601	755,532
Other segment information:												
Capital expenditure	–	–	–	–	–	–	2,113	226,193	–	–	2,113	226,193
Unallocated capital expenditure											8,782	5,346
											10,895	231,539
Depreciation on unallocated assets											3,861	2,676
Amortisation of prepaid land lease payments – unallocated											256	–
Impairment of accounts receivable	1,688	–	–	–	–	–	–	–	–	–	1,688	–
Impairment of goodwill	–	–	–	–	–	14,717	–	–	–	–	–	14,717
Impairment of properties held for development	–	–	–	–	–	–	–	–	–	5,883	–	5,883
Impairment of properties under development	–	–	–	–	–	–	–	–	171	1,251	171	1,251
Gain on changes in fair value of investment properties, net	–	–	–	–	–	–	19,107	58,797	–	–	19,107	58,797

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts, and the gross rental income received and receivable from properties during the year.

An analysis of revenue, other income and gains is as follows:

		Group	
		2007	**2006**
	Notes	*HK$'000*	*HK$'000*
Revenue			
Contract revenue		1,510,651	1,262,663
Property gross rental income		18,545	12,152
		1,529,196	1,274,815
Other income and gains			
Interest income		7,455	3,276
Net interest received on derivative financial instruments – transactions not qualifying as hedges		1,126	–
Sundry income		762	2,212
Gain on changes in fair value of investment properties, net	*16*	19,107	58,797
Gain on changes in fair value of derivative financial instruments, net – transactions not qualifying as hedges	*29*	1,432	–
Gain on disposals of items of property, plant and equipment, net		6,440	5
Exchange gains, net		–	988
		36,322	65,278

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group	
		2007	2006
	Notes	*HK$'000*	*HK$'000*
Depreciation	*14*	3,861	2,676
Auditors' remuneration		1,380	1,200
Employee benefits expense (exclusive of directors' remuneration – note 8):			
Wages and salaries		61,234	49,920
Equity-settled share option expense	*34*	185	–
Pension scheme contributions (defined contribution schemes)		1,582	1,224
Less: Forfeited contributions**		(99)	(274)
Net pension scheme contributions		1,483	950
		62,902	50,870
Minimum lease payments under operating leases:			
Land and buildings		4,449	963
Equipment		8,166	7,843
		12,615	8,806
Impairment of goodwill*		–	14,717
Impairment of properties held for development*		–	5,883
Impairment of properties under development*		171	1,251
Impairment of accounts receivable*		1,688	–
Amortisation of prepaid land lease payments	*17*	256	–
(Gain)/loss on changes in fair value of derivative financial instruments – transactions not qualifying as hedges	29	(1,432)	752
Write-off of items of property, plant and equipment		685	–
Write-off of an interest in a jointly-controlled entity		–	15
Government subsidies***		(428)	(77)
Exchange (gains)/losses, net		1,292	(988)
Net rental income		(17,104)	(11,034)

* Impairment losses are included in "Other expenses" on the face of the consolidated income statement.

** At 31 March 2007, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2006: Nil).

*** Subsidies have been received from the Hong Kong Vocational Training Council, an institution established by the Hong Kong SAR Government, for providing on-the-job training for graduate engineers. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	Group 2007 HK$'000	Group 2006 HK$'000
Interest on bank loans and overdrafts	30,504	21,798
Interest on finance leases	–	2
Total interest	30,504	21,800
Less: Interest capitalised	–	(897)
	30,504	20,903

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2007 HK$'000	Group 2006 HK$'000
Fees	504	450
Other emoluments:		
Salaries, allowances and benefits in kind	7,063	6,254
Discretionary performance related bonuses	5,658	5,393
Pension scheme contributions (defined contribution schemes)	84	84
	12,805	11,731
	13,309	12,181

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2007 HK$'000	2006 HK$'000
Professor Ko Jan Ming	168	150
Mr. Ip Kwok Him, GBS, JP	168	150
Mr. Fung Pui Cheung Eugene	168	150
	504	450

There were no other emoluments payable to the independent non-executive directors during the year (2006: Nil).

(b) Executive directors and a non-executive director

	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2007				
Executive directors:				
Mr. Ngai Chun Hung	2,500	2,500	12	5,012
Mr. Yau Kwok Fai	2,107	1,500	12	3,619
Mr. Li Chi Pong	1,045	158	48	1,251
	5,652	4,158	72	9,882
Non-executive director:				
Mr. Shek Yu Ming Joseph	1,411	1,500	12	2,923
	7,063	5,658	84	12,805
2006				
Executive directors:				
Mr. Ngai Chun Hung	1,903	2,000	12	3,915
Mr. Yau Kwok Fai	1,868	1,500	12	3,380
Mr. Shek Yu Ming Joseph	1,523	1,500	12	3,035
Mr. Li Chi Pong	960	393	48	1,401
	6,254	5,393	84	11,731

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006: Nil).

During the year, no share option of the Company was granted to the directors in respect of their services to the Group (2006: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2006: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2006: one) non-director, highest paid employee for the year are as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	840	840
Discretionary performance related bonuses	–	70
Employee share option benefits	5	–
Pension scheme contributions	12	12
	857	922

The remuneration of the remaining one (2006: one) non-director, highest paid employee for the year fell within the band of nil to HK$1,000,000.

During the year, share options of the Company were granted to the non-director, highest paid employee in respect of his service to the Group (2006: Nil), further details of which are included in the disclosures in note 34 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employee's remuneration disclosures.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2007	**2006**
	HK$'000	*HK$'000*
Group		
Current – Hong Kong		
Charge for the year	4,919	6,025
Overprovision in prior years	(47)	–
Deferred *(note 32)*	1,042	11,016
Total tax charge for the year	5,914	17,041

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Profit before tax	43,054	58,858
Tax at the Hong Kong statutory tax rate of 17.5% (2006: 17.5%)	7,534	10,300
Adjustments in respect of current tax of previous periods	(47)	–
Income not subject to tax	(781)	(74)
Expenses not deductible for tax	857	4,325
Tax losses utilised from previous periods	(1,497)	–
Tax losses not recognised	476	657
Others	(628)	1,833
Tax charge at the Group's effective rate	5,914	17,041

There is no share of tax attributable to the Group's jointly-controlled entity during the year included in the consolidated income statement (2006: Nil).

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 March 2007 includes a profit of approximately HK$1,736,000 (2006: HK$957,000) which has been dealt with in the financial statements of the Company (note 35(b)).

12. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year (2006: Nil).

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No diluted earnings per share for the year ended 31 March 2006 has been disclosed as the Company's outstanding share options did not have a dilutive effect for that year.

The calculations of basic and diluted earnings per share are based on:

	2007	**2006**
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	37,140	41,817

	Number of shares	
	2007	**2006**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	940,758,000	940,758,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	177,217	–
	940,935,217	940,758,000

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and building HK$'000	Leasehold improve-ments HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2007						
At 31 March and 1 April 2006:						
Cost	15,411	3,644	3,531	10,784	4,727	38,097
Accumulated depreciation and impairment	(979)	(1,591)	(3,215)	(8,897)	(2,911)	(17,593)
Net carrying amount	14,432	2,053	316	1,887	1,816	20,504
At 1 April 2006, net of accumulated depreciation and impairment	14,432	2,053	316	1,887	1,816	20,504
Additions	1,952	3,668	1,001	1,499	662	8,782
Transfer from investment properties *(note 16)*	3,979	–	–	–	–	3,979
Disposals	(16,167)	(348)	–	–	–	(16,515)
Write-off during the year	–	(685)	–	–	–	(685)
Depreciation provided during the year	(315)	(1,161)	(335)	(1,023)	(1,027)	(3,861)
At 31 March 2007, net of accumulated depreciation and impairment	3,881	3,527	982	2,363	1,451	12,204
At 31 March 2007:						
Cost	5,175	6,056	3,733	11,935	5,389	32,288
Accumulated depreciation and impairment	(1,294)	(2,529)	(2,751)	(9,572)	(3,938)	(20,084)
Net carrying amount	3,881	3,527	982	2,363	1,451	12,204

Group

	Leasehold land and building HK$'000	Leasehold improve-ments HK$'000	Machinery and equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2006						
At 31 March and 1 April 2005:	15,309	1,989	3,521	9,663	2,651	33,133
Cost						
Accumulated depreciation and impairment	(609)	(1,176)	(2,969)	(8,226)	(2,313)	(15,293)
Net carrying amount	14,700	813	552	1,437	338	17,840
At 1 April 2005, net of accumulated depreciation and impairment	14,700	813	552	1,437	338	17,840
Additions	102	1,655	15	1,168	2,406	5,346
Disposals	–	–	–	(6)	–	(6)
Depreciation provided during the year	(370)	(415)	(251)	(712)	(928)	(2,676)
At 31 March 2006, net of accumulated depreciation and impairment	14,432	2,053	316	1,887	1,816	20,504
At 31 March 2006:						
Cost	15,411	3,644	3,531	10,784	4,727	38,097
Accumulated depreciation and impairment	(979)	(1,591)	(3,215)	(8,897)	(2,911)	(17,593)
Net carrying amount	14,432	2,053	316	1,887	1,816	20,504

At 31 March 2007, the Group's leasehold land and building with a net book value of approximately HK$3,881,000 (2006: HK$14,432,000) is pledged to secure general banking facilities granted to the Group (note 30).

At 31 March 2007, the Group's building is situated on the leasehold land in Hong Kong. Details of the leasehold land are disclosed in note 17 to the financial statements.

At 31 March 2006, the Group's leasehold land and building were situated in the United Kingdom and the leasehold land is held under a long term lease.

At 31 March 2006, the net book value of a motor vehicle of the Group held under a finance lease included in the total amount of motor vehicles amounted to approximately HK$24,000.

15. PROPERTIES HELD FOR DEVELOPMENT

At 31 March 2007 and 2006, all of the Group's properties held for development are pledged to secure certain bank loans and general banking facilities of the Group.

The leasehold land included in properties held for development is situated in Hong Kong and is held under long term leases.

16. INVESTMENT PROPERTIES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Carrying amount at beginning of year	518,790	229,800
Additions	2,113	226,193
Acquisition of subsidiary	–	4,000
Transfer to owner-occupied property *(note 14)*	(3,979)	–
Transfer to prepaid land lease payments *(note 17)*	(10,221)	–
Transfer to non-current assets classified as held for sale	(113,000)	–
Gain on fair value changes, net	19,107	58,797
Carrying amount at end of year	412,810	518,790

An analysis of the Group's investment properties is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Long term leases:		
Hong Kong	260,000	260,000
Elsewhere	1,920	–
	261,920	260,000
Medium term leases:		
Hong Kong	150,890	258,790
	412,810	518,790

At the balance sheet date, whilst the application is in progress, the certificate of ownership with respect to one of the Group's investments properties with a carrying value of HK$1,920,000 (2006: nil) at 31 March 2007 has not been issued by the relevant government authorities.

The Group's investment properties were revalued on 31 March 2007 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK$412,810,000 (2006: HK$518,790,000) on market value, existing use basis.

Certain of the Group's investment properties are leased to third parties under operating leases, further details of which are included in note 38(a) to the financial statements. The gross rental income received and receivable by the Group and related expenses in respect of these investment properties are summarised as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Gross rental income	15,165	8,837
Direct expenses	(1,214)	(1,118)
Net rental income	13,951	7,719

At 31 March 2007, the Group's investment properties with an aggregate carrying value of HK$410,550,000 (2006: HK$518,450,000) were pledged to secure general banking facilities granted to the Group (note 30).

Further particulars of the Group's investment properties are included on page 11 to 12 of the annual report.

17. PREPAID LAND LEASE PAYMENTS

	Group 2007 HK$'000	Group 2006 HK$'000
Carrying amount at beginning of year	–	–
Transfer from investment properties *(note 16)*	10,221	–
Amortised during the year	(256)	–
Carrying amount at end of year	9,965	–
Current portion included in prepayments, deposits and other receivables	(256)	–
Non-current portion	9,709	–

At 31 March 2007, the Group's prepaid land lease payments are pledged to secure general banking facilities granted to the Group (note 30).

The leasehold land is held under a medium term lease and is situated in Hong Kong.

18. GOODWILL

The amount of the goodwill capitalised as an asset in the consolidated balance sheet, arising from the acquisition of minority interests of certain subsidiaries after 1 April 2001 is as follows:

	Group 2007 HK$'000	Group 2006 HK$'000
At beginning of year:		
Cost	14,717	14,717
Accumulated impairment	(14,717)	–
Net carrying amount	–	14,717
Cost at beginning of year, net of accumulated impairment	–	14,717
Impairment during the year	–	(14,717)
At end of year	–	–
At end of year:		
Cost	14,717	14,717
Accumulated impairment	(14,717)	(14,717)
Net carrying amount	–	–

As further detailed in note 2.4 to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against consolidated reserves.

The amount of goodwill remaining in consolidated goodwill reserve, arising from the acquisition of subsidiaries prior to 1 April 2001, was approximately HK$5,035,000 as at 1 April 2006 and 31 March 2007. Such amount of goodwill is stated at its cost.

Impairment testing of goodwill (for the year ended 31 March 2006)

Goodwill acquired through business combinations has been allocated to the civil engineering works cash-generating unit, which is a reportable segment, for impairment testing.

Due to the fierce competition and significant drop in revenue of the civil engineering works cash-generating unit, the directors, by estimating the recoverable amount of the civil engineering works cash-generating unit, considered the goodwill of HK$14,717,000 was fully impaired during the year ended 31 March 2006.

The recoverable amount of the civil engineering works cash-generating unit had been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 10%.

The net carrying amount of goodwill allocated to the civil engineering works cash-generating unit is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Cost	14,717	14,717
Less: Accumulated impairment	(14,717)	(14,717)
Net carrying amount	–	–

Key assumptions were used in the value-in-use calculation of the civil engineering works cash-generating unit for 31 March 2006. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

19. INTERESTS IN SUBSIDIARIES

	Company	
	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	64,147	64,147
Due from subsidiaries	100,461	98,797
	164,608	162,944

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations	Nominal value of issued and paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Profit Chain Investments Limited	British Virgin Islands/ Hong Kong	US$70,000 Ordinary	100	–	Investment holding
Able Engineering Company Limited	Hong Kong	HK$3,789,000 Ordinary HK$11,211,000 Non-voting deferred *(Note)*	–	100	Building construction, maintenance and civil engineering works
Gold Vantage Limited	Hong Kong	HK$100 Ordinary	–	100	Property holding
Excel Engineering Company Limited	Hong Kong	HK$13,000,000 Ordinary	–	100	Building construction, maintenance and civil engineering works
Gadelly Construction Company Limited	Hong Kong	HK$3,700,000 Ordinary	–	100	Construction and plant hiring
Able Contractors Limited	Hong Kong	HK$10,000 Ordinary	–	100	Building construction
Able Maintenance Company Limited	Hong Kong	HK$10,000 Ordinary	–	100	Building construction and maintenance works
Covalla Limited	Hong Kong	HK$10,000 Ordinary	–	100	Property development
Excelskill Limited ("Excelskill")	Hong Kong	HK$1 Ordinary	–	100	Property holding
Good Trader Limited	Hong Kong	HK$1 Ordinary	–	100	Property holding
Great Business Limited	Hong Kong	HK$1 Ordinary	–	100	Property holding
Jeva Limited	Hong Kong	HK$1 Ordinary	–	100	Property holding

Name	Place of incorporation and operations	Nominal value of issued and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Comfort Home Properties Limited	Hong Kong	HK$1 Ordinary	–	100	Property development
Win Glories Limited ("Win Glories")	Hong Kong	HK$9,600 Ordinary	–	100	Property holding

Note: The non-voting deferred shares carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding-up.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Share of net assets	–	–
Due from a jointly-controlled entity	120	–

The amount due from a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the jointly-controlled entity are as follows:

Name	Business structure	Place of registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Excel-China Harbour Joint Venture	Body unincorporate	Hong Kong	70	50	70	Engineering contractor

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	2007	2006
	HK$'000	*HK$'000*
Share of the jointly-controlled entity's assets and liabilities:		
Current assets	10,608	–
Current liabilities	(10,608)	–
Net assets	–	–
Share of the jointly-controlled entity's results:		
Revenue	8,879	–
Other income	1,391	–
Total revenue	10,270	–
Total expenses	(10,270)	–
Profit after tax	–	–

21. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Gross amount due from customers for contract work	157,391	35,055
Gross amount due to customers for contract work	(44,133)	(51,392)
	113,258	(16,337)
Contract costs incurred plus recognised profits less recognised losses to date	2,476,657	2,528,354
Less: Progress billings	(2,363,399)	(2,544,691)
	113,258	(16,337)

22. PROPERTIES UNDER DEVELOPMENT

At 31 March 2006, the carrying amount of the properties under development included capitalised interest of HK$1,300,000. At 31 March 2006, certain of the Group's properties under development with a carrying amount of HK$44,730,000 were pledged to secure certain bank loans of the Group (note 30).

The Group's properties under development as at 31 March 2007 and 2006 are expected to be recovered after more than twelve months.

The Group's properties under development are situated in Hong Kong and an analysis of the lease terms is as follows:

	2007	2006
	HK$'000	*HK$'000*
Long term leases	–	44,730
Medium term leases	17,021	17,000
	17,021	61,730

23. PROPERTY HELD FOR SALE

At 31 March 2007, the Group's property held for sale is pledged to secure general banking facilities granted to the Group (note 30).

The Group's property held for sale is situated in Hong Kong and is held under a long term lease.

24. ACCOUNTS RECEIVABLE

Accounts receivable consists of receivables from contract works and rentals under operating leases. The payment terms of contract works are stipulated in the relevant contracts. Rentals are normally payable in advance.

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current – 3 months	141,785	132,421
4 – 6 months	14,381	323
Over 6 months	36,593	5,491
	192,759	138,235

At 31 March 2007, retentions receivable included in accounts receivable amounted to approximately HK$75,582,000 (2006: HK$45,762,000).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	17,859	16,550	–	–
Deposits and other receivables	48,362	33,792	11	–
	66,221	50,342	11	–

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	44,541	27,703	214	222
Time deposits	13,454	57,487	4,155	4,020
	57,995	85,190	4,369	4,242
Less: Pledged time deposits:				
Pledged for bank overdraft facilities	(2,101)	(2,042)	–	–
Pledged for bank loans and other banking facilities	(6,344)	(6,138)	(4,155)	(4,020)
Cash and cash equivalents	49,550	77,010	214	222

The time deposits pledged to banks were to secure general banking facilities granted to the Group (note 30).

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposits rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 6 February 2007, Excelskill, an indirectly wholly-owned subsidiary of the Company, entered into a preliminary sale and purchase agreement with an independent third party to dispose of certain investment properties located in Causeway Bay, Hong Kong, for a consideration of approximately HK$113 million. The transaction was completed in May 2007. The aforesaid investment properties with an aggregate carrying amount of HK$113,000,000 were classified as non-current assets held for sale on the face of the consolidated balance sheet as at 31 March 2007.

28. ACCOUNTS PAYABLE

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

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Current – 3 months	203,964	167,901
4 – 6 months	24,482	2,860
Over 6 months	33,924	23,294
	262,370	194,055

At 31 March 2007, retentions payable included in accounts payable under current liabilities amounted to approximately HK$40,123,000 (2006: HK$37,385,000).

Included in the accounts payable are trade payables of approximately HK$181,000 (2006: HK$181,000) due to related parties who are family members of a director of the Company, which are unsecured, interest-free and have no fixed terms of repayment.

Accounts payable are non-interest-bearing. The payment terms are stipulated in the relevant contracts.

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into interest rate swap contracts to manage its interest rate exposures which did not meet the criteria for hedge accounting. The aggregate notional amount of the outstanding interest rate swap contracts as at 31 March 2007 was HK$150,000,000 (2006: HK$150,000,000). Gain on changes in the fair value of the interest rate swap contracts amounting to approximately HK$1,432,000 (2006: loss of HK$752,000) was recognised in the income statement for the year.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Effective interest rate (%)	**2007** *HK$'000*	**Effective interest rate** (%)	**2006** *HK$'000*
Current				
Finance lease payable *(note 31)*	2.90	29	2.90	50
Bank overdrafts – secured	6.25 – 8.25	21,832	4.25 – 8.25	19,327
Bank loans – secured	4.89 – 8.75	283,697	4.90 – 8.75	93,458
		305,558		112,835
Non-current				
Finance lease payable *(note 31)*	2.90	–	2.90	29
Bank loans – secured	4.64 – 5.40	255,015	4.90 – 5.90	371,676
		255,015		371,705
		560,573		484,540

	2007 *HK$'000*	**2006** *HK$'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	305,529	112,785
In the second year	12,321	45,141
In the third to fifth years, inclusive	39,090	48,326
Beyond five years	203,604	278,209
	560,544	484,461
Other borrowings repayable:		
Within one year	29	50
In the second year	–	29
	29	79
	560,573	484,540

Other interest rate information:

	Group			
	2007		2006	
	Fixed rate	**Floating rate**	**Fixed rate**	**Floating rate**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finance lease payable	29	–	79	–
Bank overdrafts	–	21,832	–	19,327
Bank loans	–	538,712	–	465,134
	29	560,544	79	484,461

The interest rates of the Group's bank loans are primarily repriced every month according to market rate changes.

The Group's secured bank loans, overdrafts and other banking facilities are secured by:

(i) legal charges over the Group's investment properties (including the one classified as held for sale), which had an aggregate carrying value at the balance sheet date of approximately HK$523,550,000 (2006: HK$518,450,000);

(ii) legal charges over the Group's building and prepaid land lease payments, which had a carrying amount at the balance sheet date of approximately HK$3,881,000 (2006: Nil) and HK$9,965,000 (2006: Nil) respectively;

(iii) legal charge over the Group's properties held for development, which had an aggregate carrying value at the balance sheet date of approximately HK$115,586,000 (2006: HK$115,500,000);

(iv) legal charges over the Group's property held for sale, which had a carrying value at the balance sheet date of approximately HK$44,833,000 (2006: Nil);

(v) the pledge of certain of the Group's time deposits amounting to approximately HK$8,445,000 at the balance sheet date (2006: HK$8,180,000);

(vi) legal charges over the Group's properties under development and leasehold land and building, which had an aggregate carrying value of HK$44,730,000 and HK$14,432,000, respectively as at 31 March 2006; and

(vii) the assignment of the Group's financial benefits under certain contract works. Accounts receivable under those contract works amounted to approximately HK$122,241,000 as at 31 March 2007 (2006: HK$90,000,000).

In addition, the Company has provided corporate guarantees against certain of the Group's banking facilities to the extent of approximately HK$1,099,667,000 (2006: HK$877,302,000) as at 31 March 2007 (note 37(a)).

Except for a secured bank loan of approximately HK$11,762,000 as at 31 March 2006 which was denominated in Great British Pounds, all of the above bank and other borrowings of the Group as at 31 March 2007 and 31 March 2006 were denominated in Hong Kong dollars.

The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

31. FINANCE LEASE PAYABLE

The Group leased a motor vehicle for its construction business. The lease is classified as a finance lease and has remaining lease term of one year (2006: two years) as at 31 March 2007.

At 31 March 2007, the total future minimum lease payments under the finance lease and their present values were as follows:

Group	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	32	56	29	50
In the second year	–	32	–	29
Total minimum finance lease payments	32	88	29	79
Future finance charges	(3)	(9)		
Total net finance lease payable	29	79		
Portion classified as current liabilities *(note 30)*	(29)	(50)		
Non-current portion *(note 30)*	–	29		

32. DEFERRED TAX

The components of net deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax (assets)/ liabilities

Group

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Losses available for offset against future taxable profit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2007				
At 1 April 2006	1,072	13,408	(910)	13,570
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	978	2,566	(2,502)	1,042
At 31 March 2007	2,050	15,974	(3,412)	14,612

Group

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Losses available for offset against future taxable profit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
At 1 April 2005	511	2,245	(202)	2,554
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	561	11,163	(708)	11,016
At 31 March 2006	1,072	13,408	(910)	13,570

There was no movement in the deferred tax assets and liabilities of the Company during the year (2006: Nil).

The Group has tax losses arising in Hong Kong of approximately HK$29,706,000. Subject to the confirmation of the tax losses from the Hong Kong Inland Revenue Department, these tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognised in respect of approximately HK$19,495,000 of such losses. Deferred tax assets have not been recognised in respect of the remaining amount of approximately HK$10,211,000 as it is not considered probable that taxable profits will be available against which the remaining amount can be utilised.

At 31 March 2007, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint venture as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. SHARE CAPITAL

Shares

	2007	**2006**
	HK$'000	*HK$'000*
Authorised:		
4,000,000,000 ordinary shares of HK$0.025 each	100,000	100,000
Issued and fully paid:		
940,758,000 ordinary shares of HK$0.025 each	23,519	23,519

There was no movement in share capital during the years ended 31 March 2007 and 2006.

Share options

(a) On 16 February 2004, Winhale, the ultimate holding company, sold 95,958,000 existing ordinary shares of the Company at a price of HK$0.5 per share to a number of independent investors (the "Placees"), pursuant to the placing agreement dated 10 February 2004 signed with a placing agent (the "Placing Agent"). On 24 February 2004, the Company allotted an aggregate of 95,958,000 new ordinary shares of the Company at HK$0.5 per share to Winhale pursuant to the top-up subscription agreement entered into between the Company and Winhale on the same date as the placing agreement.

In relation to the above allotment of shares, the Company further entered into a deed of undertaking dated 10 February 2004, whereby the Company provided an undertaking to the Placing Agent that it will, subject to certain regulatory conditions, grant to each Placee an option to subscribe for one further new share of the Company for every placing share purchased from Winhale. During the year ended 31 March 2005, an aggregate of 95,958,000 share options were granted to the Placees. The share options are exercisable at an exercise price of HK$0.8 per share within 36 months commencing from the date of the relevant deed of the option. No aforesaid share options were exercised during both years presented.

There is no recognition in the income statement in relation to the aforesaid share options granted to the Placees. The share capital and share premium of the Company will be credited with the proceeds received upon such share options being exercised by the Placees.

(b) Details of the Company's share option schemes (other than the share options granted to the Placees as mentioned above) are included in note 34 to the financial statements.

34. SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed on 5 August 2002, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme").

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include full-time employees, including any executive and non-executive directors of the Group. The Share Option Scheme became effective on 8 September 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date when the Share Option Scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive, officer or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within seven days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but should not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

Name or category of participant	Number of share options: At 1 April 2006	Granted during the year	At 31 March 2007	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares at grant date of options***
						HK$1 per share	*HK$* per share
Other employees							
In aggregate	–	6,900,000	6,900,000	7 December 2006	7 June 2007 to 6 June 2012	0.165	0.165

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 March 2006.

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the cases of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.

The fair value of the share options granted during the year was HK$292,000, of which the Group recognised a share option expense of approximately HK$185,000 during the year ended 31 March 2007 (2006: Nil).

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2007:

Dividend yield (% per annum)	–
Expected volatility (% per annum)	49.18
Historical volatility (% per annum)	49.18
Risk-free interest rate (% per annum)	3.51
Expected life of option (year)	1.5

The expected life of the options is based on the assumption that the options will be exercised by the employees during the first half of the option life. It is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At 31 March 2007, the Company had 6,900,000 share options outstanding under the Share Option Scheme, which represented approximately 0.7% (2006: Nil) of the Company's shares in issue as at that date.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The Group's contributed surplus represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain in consolidated goodwill reserve as explained in note 18 to the financial statements.

(b) Company

	Note	**Share premium account** *HK$'000*	**Contributed surplus** *HK$'000*	**Share option reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2005		75,391	63,948	–	1,295	140,634
Profit for the year		–	–	–	957	957
At 31 March 2006 and 1 April 2006		75,391	63,948	–	2,252	141,591
Profit for the year		–	–	–	1,736	1,736
Equity-settled share option arrangements	*34*	–	–	185	–	185
At 31 March 2007		75,391	63,948	185	3,988	143,512

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, the Company may make distributions to its members out of the contributed surplus in certain circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

36. BUSINESS COMBINATION

On 19 July 2005, the Group acquired a 100% interest in Win Glories, a property holding company, for a purchase consideration of approximately HK$2,480,000.

The fair values of the identifiable assets and liabilities of the subsidiary acquired during the year ended 31 March 2006 as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	2006	
	Fair value recognised on acquisition	**Carrying amount**
	HK$'000	*HK$'000*
Net assets acquired:		
Investment properties	4,000	3,515
Bank balances	16	16
Other payables and accruals	(16)	(16)
Bank loans	(1,520)	(1,520)
	2,480	1,995
Satisfied by:		
Cash		2,480

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Win Glories is as follows:

	2006
	HK$'000
Cash consideration	2,480
Bank balances acquired	(16)
Net outflow of cash and cash equivalents	2,464

The amounts of the revenue and profit or loss of the acquired subsidiary since the acquisition date included in the Group's consolidated revenue and profit for the year ended 31 March 2006 were not significant.

Had the above acquisition taken place at the beginning of the prior year, there would have been no material changes in the Group's consolidated revenue and consolidated profit for the year ended 31 March 2006.

37. CONTINGENT LIABILITIES

(a) At 31 March 2007, the guarantees given to banks in respect of performance bonds in favour of contract customers by the Group amounted to approximately HK$129,125,000 (2006: HK$82,698,000).

At 31 March 2007, guarantees given to banks and the amounts utilised in connection with banking facilities granted to subsidiaries by the Company were approximately HK$1,099,667,000 (2006: HK$877,302,000) and HK$689,669,000 (2006: HK$567,158,000), respectively.

(b) The Group had the following material outstanding litigations:

(i) Up to 31 March 2007, four District Court actions and one High Court action were commenced by employees of the Group against the Group, and ten District Court actions and three High Court actions were brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employee's Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents occurred in the course of their employment.

(ii) Subsequent to the balance sheet date, five District Court actions were commenced by employees of the Group against the Group and one District Court action was brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employees' Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents arising out of and in the course of their employment.

No settlement has been reached for the above actions up to the date of approval of these financial statements and no judgement has been made against the Group in respect of the claims. The directors are of the opinion that the claims will be covered by insurance and would not have material adverse impact to the income statement of the Group.

(c) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK$1.6 million (2006: HK$1.4 million) as at 31 March 2007. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group.

38. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay rental deposits.

At 31 March 2007, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	14,137	15,594
In the second to fifth years, inclusive	7,471	28,141
	21,608	43,735

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 March 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	5,199	4,518
In the second to fifth years, inclusive	5,026	8,594
	10,225	13,112

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38(b) above, the Group had the following capital commitments at the balance sheet date:

On 28 October 2006, the Group entered into a cooperation agreement ("Cooperation Agreement") with an independent party whereby the Group had committed to pay the construction cost of approximately HK$17,943,000 for a property development project in Beijing (the "Beijing Property Project"). Further details of the Beijing Property Project are set out in note 42 to the financial statements.

At 31 March 2006, the Group had capital commitment of approximately HK$943,000 in relation to purchase of investment properties, contracted but not provided for in the financial statements.

At the balance sheet date, the Company had no significant commitments (2006: Nil).

40. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

		Group	
		2007	**2006**
	Notes	*HK$'000*	*HK$'000*
Rental expense paid to Win Source Investment Limited ("Win Source")	*(i)*	66	66
Rental expense paid to Frason Holdings Limited ("Frason")	*(ii)*	3,300	–
Management income received from Excel-China Harbour Joint Venture	*(iii)*	180	–

Notes:

(i) Mr. Ngai Chun Hung, a director of the Company, is also a director of Win Source. The rental expense was determined at a rate mutually agreed between the Group and Win Source by reference to the prevailing market rate.

(ii) On 28 February 2006, the Group entered into a tenancy agreement with Frason for the lease of office premises for a three-year term from 1 March 2006 to 28 February 2009 at a monthly rental of HK$300,000, which was determined by reference to the prevailing market rate. Frason is wholly owned by Mr. Ngai Chun Hung. The rental deposit made pursuant to such tenancy agreement amounted to HK$900,000 as at 31 March 2007 and 2006.

(iii) The management income is determined by reference to the costs incurred.

(b) Compensation of key management personnel of the Group

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Short term employee benefits	16,979	16,137
Post-employment benefits	156	156
Share-based payments	5	–
Total compensation paid to key management personnel	17,140	16,293

Further details of directors' emoluments are included in note 8 to the financial statements.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and bank balances, time deposits, receivables, payables, borrowings and derivative financial instruments. Other payables are non-interest bearing and are expected to be settled within one year. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the Group's policy for mitigating these risks are discussed below.

Credit risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables, and counter-party financial obligations in derivative financial instruments. The Group's maximum credit risk exposure at 31 March 2007 in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the consolidated balance sheet, except for the interest rate swap contracts as disclosed in note 29 and the contingent liabilities as disclosed in note 37.

As the Group places deposits and enters into derivative contracts only with banks with high credit ratings, the credit risk in this regard is low.

The management monitors the credit worthiness and payment patterns of each debtor closely and on an on-going basis. The Group's receivables from contract works represent interim payments or retentions certified by the customers under terms as stipulated in the contracts. Whilst the Group's customers in respect of contract works primarily consist of government departments and developers or owners with strong financial backgrounds, the management considers that the risk of irrecoverable receivables from contract works is not significant. In respect of rentals receivable, to limit the credit risk exposure, deposits are required of each tenant upon inception of the leases and monthly rentals are received in advance. Payments from each tenant are monitored and collectibility is reviewed closely.

At 31 March 2007, the Group has a certain concentration of credit risk as 28% (2006: 39%) and 80% (2006: 87%) of the total accounts receivable was due from the one single external customer and the five single external customers respectively within the building construction, maintenance and engineering works segments.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in short and long terms. In addition, banking facilities have been put in place for contingency purposes.

Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk arises from floating rate bank borrowings (note 30). To mitigate the cash flow interest rate risk, the Group has entered into interest rate swaps, denominated in Hong Kong dollars, with a bank. Further details of the interest rate swaps are included in note 29 to the financial statements.

Foreign currency risk

The majority of the Group's assets by value and all of the Group's operations are located in Hong Kong. In addition, the Group's transactions are predominantly denominated in Hong Kong dollars. At 31 March 2007, all of the Group's borrowings are denominated in Hong Kong dollars. The Group's net exposure to foreign currency risk is not significant and the Group has not entered into any hedging arrangements. However, management monitors the foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

42. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, in relation to the Cooperation Agreement as mentioned in note 39 to the financial statements, the Group entered into another agreement with that independent party to terminate the Cooperation Agreement with effect from 17 May 2007. As a result, the Group's commitment under the Cooperation Agreement has been released with effect from 17 May 2007. The Group has not paid any amount in respect of the Beijing Property Project.

Details of the Beijing Property Project and the termination of the Cooperation Agreement were disclosed in the Company's circular dated 17 November 2006 and announcement dated 18 May 2007 respectively.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 July 2007.

3. INDEBTEDNESS

Bank borrowings and hire purchase obligations

As at the close of business on 31 July 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding secured bank overdrafts of approximately HK$60,343,000, secured bank loans of approximately HK$496,747,000 and hire purchase obligations of approximately HK$12,000.

Mortgages and charges

As at the close of business on 31 July 2007, the Group's time deposits of approximately HK$8,541,000, properties held for development with an aggregate carrying value of approximately HK$115,586,000, properties held for sale of approximately HK$44,833,000, investment properties with an aggregate carrying value of approximately HK$410,550,000, and building and prepaid land lease payments with carrying values of approximately HK$3,848,000 and HK$9,880,000 respectively were pledged in favour of certain banks to secure the banking facilities granted to the Group. In addition, accounts receivable of certain construction and maintenance contracts and rental agreements of the Group have been assigned to certain banks to secure the banking facilities granted to the Group.

Contingent liabilities and guarantees

As at the close of business on 31 July 2007, the Group had the following contingent liabilities:

(a) the Group had outstanding guarantees given to banks in respect of performance bonds in favour of contract customers amounting to approximately HK$129,125,000; and

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK$1.5 million as at 31 July 2007. The contingent liability has arisen because, as at 31 July 2007, a number of current employees have achieved the required number of year of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognized in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group.

(c) The Group had the following material outstanding litigations as the Latest Practicable Date:

i. four District Court actions and one High Court action were commenced by employees of Group against the Group, and ten District Court actions and three High Court actions were brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employee's Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents occurred in the course of their employment.

ii. five District Court actions were commenced by employees of the Group against the Group and one District Court action was brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employees' Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents arising out of and in the course of their employment.

No settlement has been reached for the above actions mentioned in (i) and (ii) above up to the Latest Practicable Date and no judgment has been made against the Group in respect of the claims. The Directors are of the opinion that the claims mentioned in (i) and (ii) above will be covered by insurance and would not have material adverse impact to the income statement of the Group. The Directors consider that the above-mentioned litigations arose from the Group's ordinary course of business and do not constitute price-sensitive information. Accordingly, no separate announcement will be made by the Company in this regard.

Save as aforesaid and apart from intra-group liabilities, the Group did not have, at the close of 31 July 2007, any debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans or bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities

4. WORKING CAPITAL

After due and careful enquiry, the Directors are of the opinion that after taking into account the banking facilities available and internal resources generated by the Enlarged Group's operations, the Enlarged Group has sufficient working capital for its requirement currently and for the period ending 12 months from the date of this circular barring any unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS

(A) For the year ended 31 March 2005

REVIEW OF OPERATIONS

Our construction and engineering works are principally carried out by the Company's two major subsidiaries, Able Engineering Company Limited ("Able") and Excel Engineering Company Limited ("Excel").

Able Engineering Company Limited

Substantial contracts completed by Able during the year included:

- Conversion and Extension to Existing Aided Schools – Group 3 under School Improvement Programme Phase IV Package 3
- Conversion and Extension to Existing Aided Schools – Group 1 Final Phase Package 5
- Conversion and Extension to Existing Aided Schools – Group 1 Final Phase Package 4
- Conversion and Extension to Existing Aided Schools – Group 1 Final Phase Package 1
- Main Building Works for Proposed International Christian Quality Music Secondary and Primary School
- Construction of a 24-Classroom Primary School at Hing Ping Road, Tuen Mun, N.T.
- Construction of a Primary School and Two Secondary Schools in Area 13, Tseung Kwan O
- Extension of Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wanchai
- Construction of Public Mortuary in Area 26E, Kwai Chung, N.T.
- Construction of District Open Space in Tung Chung
- Term Contract for the Maintenance and Repair of Buildings and Lands and Other Properties for which the Electrical & Mechanical Services Department (Health Section Division) is Responsible in Designated Contract Area: Kowloon West

During the year, Able was awarded the following substantial contracts with an aggregate contract value of approximately HK$420 million:

- Construction of Second Primary School & Second Secondary School in Area 104, and a Primary School at Junction of Tin Shing Road and Tin Pak Road, Tin Shui Wai, N.T.
- Outstanding and Defect Rectification Works to Residential Tower at Beacon Hill Road
- Term Repair Contract for Urban Renewal Project at Fuk Wing Street/Hing Wah Street/Castle Peak Road at Sham Shui Po
- Fitting Out Works to Flats at Yau Mei Court, Yau Tong
- Hospital Authority Term Contract for Minor Works 2005
- Fitting Out Works for International Christian Quality Music Secondary and Primary Schools
- Replumbing Works at Lung Tin Estate, Lantau Island

Excel Engineering Company Limited

Substantial contracts completed by Excel during the year included:

- Extension of Water Supply to Pok Fu Lam Areas Mainlaying Works Roads and Drainage
- Proposed Residential Development at Tin Sui Wai Lot No. 24 Area 33 N.T. Temporary Public Transport Terminus (PTT) and Public Access Road Contract Works
- Hong Kong International Distribution Centre (HIDC) Sewage Connection Work
- Civil Engineering Works Term Contract No. CWT E/28/2002 for PCCW

During the year, Excel was awarded the following substantial contracts with an aggregate contract value of approximately HK$111 million:

- The Drainage Upgrading Works Along Tin Wing Road, Tin Shui Wai, N.T.
- Site Formation Works for Wind Turbine for HEC Ltd.
- Replacement of Fresh Water Supply Pipes at Block E & F for Lok Man Sun Chuen
- Main Contract for the Renovation Works to Swimming Pool & Changing Rooms at Jat Min Chuen

- Outline Agreement No. 4600002385 for Distribution Cable Trenching and Laying Works in the CLP Power, North Region for CLP Power Hong Kong Ltd.

- Contract No. 04/8001 for Trenching Works for 132kV Cable Overlaying From Kennedy Road to Hennessy Road for HEC Ltd.

- Civil Engineering Works Term Contract No. CWT E/29/2005 for PCCW

Property investment

Following the completion of acquisition in January 2005, the shops at Argyle Centre have commenced to generate rental income for the Group. A total rental income of approximately HK$1,304,000 and a gross profit of approximately HK$1,127,000 were recorded for the year.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 March 2005, the Group's cash and bank balances (excluding pledged deposits) amounted to HK$83,613,000, representing a decrease by 18% from 2004 of HK$102,522,000. This was primarily caused by the payments made for the acquisitions of properties during the year. Current ratio, measured as total current assets divided by total current liabilities, was 1.21 at 31 March 2005, as compared to 2004 of 1.57.

Meanwhile, bank overdrafts and loans increased substantially to approximately HK$194,912,000, as compared to 2004 of HK$80,000. As a result, the gearing ratio, measured on the basis of total bank borrowings and finance lease payables as a percentage of total shareholders' equity, increased to 84% at 31 March 2005 (2004: 0.1%). The significant increase in bank borrowings was due to the new bank loans of HK$126 million and £870,000 (equivalent to approximately HK$13 million) respectively obtained by the Group for the purposes of acquiring a number of shop units at Argyle Centre in Mongkok, Kowloon and a residential flat at Cadogan Square, London, the United Kingdom.

The Group's borrowings are denominated in Hong Kong dollars, except for a bank loan of £870,000, which is denominated in British Pounds Sterling. While the new bank loans were only drew down by the Group near the financial year end, interest expenses on bank borrowings (including the amount capitalised of approximately HK$403,000) decreased by 26% to HK$1,377,000 for this year (2004: HK$1,870,000).

Whilst the Group's borrowings are principally on a floating rate basis, in order to hedge against the risk of interest rate upward trends, we obtained a banking facility for interest rate swap for an aggregate notional amount of HK$150 million which has become effective subsequent to 31 March 2005 but before the date of this report.

Other banking facilities, comprising primarily bank loans and overdrafts, amounted to approximately HK$591 million at 31 March 2005, of which approximately HK$325 million was unutilised.

Charges on Assets

At 31 March 2005, fixed deposits of approximately HK$32,239,000 (2004: HK$21,758,000), investment properties with an aggregate carrying value of approximately HK$229,500,000 (2004: HK$16,500,000), leasehold land and building of HK$14,700,000 (2004: nil) and property under redevelopment of approximately HK$42,355,000 (2004: nil) were pledged in favour of certain banks to secure the banking facilities granted by those banks to the Group. In addition, accounts receivable of certain construction contracts of the Group were assigned in favour of certain banks to secure the banking facilities at 31 March 2005.

Capital commitment

At 31 March 2005, the Group had capital commitments in respect of purchases of investment properties of approximately HK$313,267,000 (2004: HK$8,174,000).

Contingent liabilities

At 31 March 2005, the Group had contingent liabilities in relation to guarantees in respect of performance bonds in favour of contract customers of approximately HK$69,398,000 (2004: HK$24,102,000). In addition, at 31 March 2005, the Company had contingent liabilities in respect of guarantees given to banks against the facilities granted to subsidiaries of the Company utilised to the extent of approximately HK$266 million (2004: HK$24 million).

Capital structure

On 16 February 2004, the Company completed a private placement of 95,958,000 shares to several independent investors ("Placees"). Pursuant to this placement of shares, on 29 April 2004, the Company issued options to the Placees to subscribe for up to 95,958,000 new shares in the Company at an exercise price of HK$0.8 per share within 36 months from the date of the grant of the options.

STAFF AND REMUNERATION POLICY

At 31 March 2005, the Group employed 226 full-time staff in Hong Kong. The Group remunerates its staff based on their performance and work experience and the prevailing market rates. Staff benefits include mandatory provident fund, medical insurance and training programmes.

The Company also maintains a share option scheme. The purposes of the share option scheme are to provide incentives for the full-time employees and executives, to recognise their contributions to the growth of the Group and to provide more flexibility for the Group in formulating its remuneration policy. No share option was granted under the scheme during the year.

(B) For the year ended 31 March 2006

REVIEW OF OPERATIONS

Our construction and engineering works are principally carried out by the Company's two major subsidiaries, Able Engineering Company Limited ("Able") and Excel Engineering Company Limited ("Excel").

Able Engineering Company Limited

Substantial contracts completed by Able during this year included:

- Construction of a Primary School and a Secondary School in Area 38A, Shatin
- Pile Cap and Superstructure Works for La Salle College under School Improvement Programme, Final Phase
- Conversion and Extension to Existing Aided Schools – Group 5, Final Phase, Package 4
- Conversion and Extension to Existing Aided Schools – Group 6, Final Phase, Package 2
- Construction of an Ambulance Depot with Ambulance Command & Fire Safety Command Headquarters at Anchor Street, Mongkok
- School Improvement Works to Group 2 Schools of the Hong Kong Council of the Church of Christ in China
- Carcass Contract for Tiu Keng Leng Station Development at Tseung Kwan O
- Outstanding and Defect Rectification Works to Residential Tower at Beacon Hill Road
- 39-Month Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties in Shamshuipo, Tsuen Wan and Kwai Tsing
- Term Contract for Design and Construction of Minor Works to Government and Subvented Properties in Shamshuipo, Tsuen Wan, Kwai Tsing, Tuen Mun, Yuen Long, Tai Po, North and Outlying Island (North)
- Fitting Out Works to Flats at Yau Mei Court, Yau Tong

- Fitting Out Works for International Christian Quality Music Secondary and Primary Schools

- Replumbing Works at Lung Tin Estate, Lantau Islands

During this year, Able was awarded the following substantial contracts with an aggregate contract value of approximately HK$1,525 million:

- Design and Build of a Footbridge for Rhine Garden, Sham Tseng, New Territories

- Conversion Works of Kom Tong Hall into Dr Sun Yat Sen Museum at Castle Road, Central Mid-levels

- Construction of Canopies and Covered Walkway at Lotus Tower & Kwun Tong Garden Estate, Kowloon

- Construction of a Joint-User Complex at Tseng Choi Street, Area 10, Tuen Mun, N.T.

- T.W.T.L. 394, Yeung Uk Road, Tsuen Wan, N.T. (Urban Renewal Project K17) Phase II Excavation and Basement Construction Works

- Retro-fitting of Air-Conditioning and General Improvement Works to San Hui Market, Tuen Mun

- Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Designated Area: Kwun Tong, Mongkok and Yaumatei)

- Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Designated Area: Sham Shui Po, Tsuen Wan and Kwai Tsing)

- Fitting Out Works for the Proposed Hotel and Serviced Apartment at 33 Wo Yi Hop Road, Kwai Chung

- Term Contract for Design and Construction of Minor Works to Government and Subvented Properties for which the Architectural Services Department is responsible at Hong Kong, Kowloon, New Territories and Outlying Islands

Excel Engineering Company Limited

Substantial contracts completed by Excel during this year included:

- Reconstruction of Catchwater Channels and Upgrading of Adjoining Priority Slopes in Hong Kong Island and Lantau Island
- Construction of a Sewerage Along Sha Tau Kok Road and Village Sewerage
- Site Formation Works for Wind Turbine for HEC Ltd.
- Replacement of Fresh Water Supply Pipes at Block E & F of Lok Man Sun Chuen
- Contract No. 04/8001 for Trenching Works for 132kV Cable Overlaying from Kennedy Road to Hennessy Road for HEC Ltd.
- The Drainage Upgrading Works Along Tin Wing Road, Tin Shui Wai, N.T.
- Contract for the Slope Upgrading Works at Slope No. 11 NW-B/F60 at Phoenix House, Shamshuipo

During this year, Excel was awarded the following substantial contracts with an aggregate contract value of approximately HK$142 million:

- Contract for the Slope Upgrading Works at Slope No. 11 NW-B/F60 at Phoenix House, Shamshuipo
- Building Repairs and Maintenance Term Contract 2005/2008, The Hong Kong Polytechnic University
- Proposed Elevated Walkway Linking The Hong Kong Polytechnic University to the Existing Footbridge Over Cross Harbour Tunnel Toll Plaza
- The Construction of Permanent Public Transport Terminus at Tin Yan Road Contract for the Proposed G.I.C./Public Car Park and Residential Development at Tin Shui Wai Lot No. 24, Area 33, New Territories

Property investment

The Group has noted a steady growth in rental income from its investment properties. A total rental income of approximately HK$12,152,000 (2005: HK$1,304,000) and a gross profit of approximately HK$11,034,000 (2005: HK$1,127,000) were recorded for this year.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 March 2006, the Group's cash and bank balances amounted to HK$77,010,000 (excluding pledged deposits of HK$8,180,000), representing a decrease by 8% from 2005 of HK$83,613,000 (excluding pledged deposits of HK$32,239,000). Current ratio, measured as total current assets divided by total current liabilities, was 1.0 as of 31 March 2006, as compared to 2005 of 1.2.

Meanwhile, bank overdrafts and loans at 31 March 2006 increased by 149% to approximately HK$484,461,000, as compared to 2005 of HK$194,912,000. The increase was due to the new mortgage loans obtained by the Group for the purposes of acquiring the shops at Fou Wah Centre, Tsuen Wan, the whole block of No. 36 Jardine's Bazaar, Causeway Bay and the whole and portion of two adjacent blocks at No. 123-125 and No. 127 Tung Choi Street, Mongkok. At 31 March 2006, the Group's net gearing was 147% (2005: 34.5%), measured as total bank borrowings and finance lease payables less pledged deposits and cash and cash equivalents, divided by total shareholders' equity.

The Group's bank borrowings are all denominated in Hong Kong dollars, except for a bank loan of £870,000 (equivalent to approximately HK$11,762,000), which is denominated in British Pounds Sterling. Whilst the Group's borrowings are principally on a floating rate basis, in order to mitigate the risk of interest rate upward trends, we entered into interest rate swaps with a bank for an aggregate notional amount of HK$150 million.

Due to the substantial increase in bank borrowings and the increases in interest rates over the year, interest expenses, excluding the amount capitalised of approximately HK$897,000 (2005: HK$403,000) increased significantly to HK$20,903,000 for this year (2005: HK$980,000).

Our banking facilities, comprising primarily bank loans and overdrafts, amounted to approximately HK$873 million at 31 March 2006, of which approximately HK$306 million was unutilised.

Charges on Assets

At 31 March 2006, fixed deposits of approximately HK$8,180,000 (2005: HK$32,239,000), investment properties with an aggregate carrying value of approximately HK$518,450,000 (2005: HK$229,500,000), leasehold land and building of HK$14,432,000 (2005: HK$14,700,000), properties held for development of HK$115,500,000 (2005: nil) and properties under development of HK$44,730,000 (2005: HK$42,355,000) were pledged in favour of certain banks to secure the banking facilities granted by those banks to the Group. In addition, accounts receivable of certain construction contracts of the Group were assigned in favour of certain banks to secure the banking facilities at 31 March 2006.

Capital commitment

At 31 March 2006, the Group had capital commitments in respect of purchases of investment properties of approximately HK$943,000 (2005: HK$313,267,000).

Contingent liabilities

At 31 March 2006, the Group had contingent liabilities in relation to guarantees in respect of performance bonds in favour of contract customers of approximately HK$82,698,000 (2005: HK$69,398,000). In addition, at 31 March 2006, the Company had contingent liabilities in respect of guarantees given to banks against the facilities granted to subsidiaries of the Company utilised to the extent of approximately HK$567 million (2005: HK$266 million).

STAFF AND REMUNERATION POLICY

At 31 March 2006 the Group employed 263 full-time staff in Hong Kong. The Group remunerates its staff based on their performance and work experience and the prevailing market rates. Staff benefits include mandatory provident fund, medical insurance and training programmes.

The Company also maintains a share option scheme. The purposes of the share option scheme are to provide incentives for the full-time employees and executives, to recognise their contributions to the growth of the Group and to provide more flexibility for the Group in formulating its remuneration policy. No share option was granted under the scheme during the year.

(C) For the year ended 31 March 2007

REVIEW OF OPERATIONS

Our construction and engineering works are principally carried out by the Company's two major subsidiaries, Able Engineering Company Limited ("Able") and Excel Engineering Company Limited ("Excel").

Able Engineering Company Limited

Substantial contracts completed by Able during the year under review included:

- Construction of Second Primary School & Second Primary School in Area 104, and a primary school at Junction of Tin Shing Road and Tin Pak Road, Tin Shui Wai
- Conversion Works of Kom Tong Hall into Dr Sun Yat Sen Museum at Castle Road, Central Mid-levels, Hong Kong
- Fitting Out Works for International Christian Quality Music Secondary and Primary Schools
- Construction of Canopies and Covered Walkway at Lotus Tower & Kwun Tong Garden Estate, Kowloon
- Construction of a Joint-User Complex at Tseng Choi Street, Area 10, Tuen Mun, New Territories
- T.W.T.L. 394, Yeung Uk Road, Tsuen Wan, N.T. (Urbal Renewal Project K17) Phase II Excavation and Basement Construction Works
- Retro-fitting of Air-conditioning and General Improvement Works to San Hui Market, Tuen Mun

During the year under review, Able was awarded the following substantial contract with an aggregate contract value of approximately HK$1,207 million:

- Carcass work for the residential development at TKOTL No. 70, Area 86, Site F, Tseung Kwan O, which comprises 5 blocks of 52 to 56-storey residential towers with a total number of 2,096 flat units sitting on a 5-storey podium
- Main contract for the construction of a residential development at TCTL No. 4, Tung Chung Station Development Package 2, Phase 4, which comprises 6 blocks of 18-storey residential towers with a total number of 533 flat units
- Interior fitting-out work for the residential development at Lot No. 2081 in D.D. 109, Kam Tin, Yuen Long, which comprises 244 three-storey houses

- Fitting-out works of clubhouse, main entrance lobby & lift car for the proposed residential development at Nos. 880-886 King's Road, Hong Kong

Subsequent to the balance sheet date and up to the date of this report, Able was awarded the following substantial contract with an aggregate value of HK$234 million:

- Fitting-out works of clubhouse, Tiu Keung Leng Station Development at TKOTL No. 73, Area 73B, Tseung Kwan O
- Alteration and addition works at shopping arcade for Metro Town at TKOTL No. 73, Area 73B, Tseung Kwan O
- External wall repair works to the residential towers of Tierra Verde, Tsing Yi
- Improvement to Kowloon Park Swimming Pool and Hong Kong Stadium
- Landscape features for the proposed hotel and serviced apartment at Kwai Chung Town Lot 467, 33 Wo Yi Hop Road

Excel Engineering Company Limited

Substantial contracts completed by Excel during the year under review included:

- Main contract for the renovation works to swimming pool and changing rooms at Jat Ming Chuen, Shatin
- Contract No. 03/8006 for the construction and maintenance of cable works in the areas of Hong Kong, Ap Lei Chau, Lamma Islands and any outlying islands for HEC Ltd.

During year under review, Excel was awarded the following substantial contracts with an aggregate contract value of approximately HK$265 million:

- Replacement and rehabilitation of water mains stage 1 phase 2 – mains on Hong Kong Islands
- Repair works to A/C hoods and installation of A/C drain pipes to external walls of Lotus Towers 1 to 4, Kwun Tong Garden Estate
- Roadwork (R1, Portion of R2 & R6A) direct contract for proposed residential development (package one) at TKOTL No. 70, Area 86, Site F, Tseung Kwan O

Subsequent to the balance sheet date and up to the date of this report, Excel was awarded the contract for replacement and rehabilitation of water mains, stage 2 – mains in Tsuen Wan with a contract value of HK$45 million.

Property investment

The Group has noted a satisfying growth by 53% in rental income from its investment properties. The gross rental income was approximately HK$18,545,000 for the year under review (2006: HK$12,152,000).

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 March 2007, the Group's cash and cash equivalents amounted to HK$49,550,000 (excluding pledged deposits of HK$8,445,000), representing a decrease by 36% from 2006 of HK$77,010,000 (excluding pledged deposits of HK$8,180,000). Current ratio, measured as total current assets divided by total current liabilities, was 1.0 as of 31 March 2007, as compared to 2006 of 1.0.

Meanwhile, bank overdrafts and loans at 31 March 2007 increased by 16% to approximately HK$560,544,000, as compared to 2006 of HK$484,461,000. At 31 March 2007, the Group's net gearing was 163% (2006: 147%), measured as total bank borrowings and finance lease payables less pledged deposits and cash and cash equivalents, divided by total shareholders' equity.

At 31 March 2007, the Group's bank borrowings are all denominated in Hong Kong dollars. Whilst the Group's borrowings are principally on a floating rate basis, in order to mitigate the risk of interest rate upward trends, we entered into interest rate swaps with a bank for an aggregate notional amount of HK$150 million.

Due to the increase in bank borrowings over the year, interest expenses increased by 46% to HK$30,504,000 for the year under review (2006: HK$20,903,000 excluding interest capitalised). No interest was capitalised during the year under review (2006: HK$897,000)

Our banking facilities, comprising primarily bank loans and overdrafts, amounted to approximately HK$887 million at 31 March 2007 (2006: HK$873 million), of which approximately HK$198 million (2006: HK$306 million) was unutilised.

Charges on Assets

At 31 March 2007, fixed deposits of approximately HK$8,445,000 (2006: HK$8,180,000), investment properties (including No. 36 Jardine's Bazaar classified as held for sale) with an aggregate carrying value of HK$523,550,000 (2006: HK$518,450,000), building and prepaid land lease payments with carrying values of approximately HK$3,881,000 and HK$9,965,000 respectively (2006: HK$14,432,000 classified as leasehold land and building), properties held for development of HK$115,586,000 (2006: HK$115,500,000) and properties held for sale of HK$44,833,000 (2006: HK$44,730,000 classified as properties held for development) were pledged in favour of certain banks to secure the banking facilities granted by those banks to the Group. In addition, accounts receivable of certain construction contracts of the Group were assigned in favour of certain banks to secure the banking facilities at 31 March 2007.

Capital commitment

On 28 October 2006, the Group entered into a cooperation agreement ("Cooperation Agreement") with an independent party whereby the Group had committed to pay for the construction costs of approximately HK$17,943,000 for the development of certain properties in Beijing (the "Beijing Property Project"). However, subsequent to the balance sheet date, the Group entered into another agreement with that independent party to terminate the Cooperation Agreement with effect from 17 May 2007. As a result, the Group's commitment under the Cooperation Agreement has been released with effect from 17 May 2007. The Group has not paid any amount in respect of the Beijing Property Project.

Contingent liabilities

At 31 March 2007, the Group had provided guarantees in respect of performance bonds in favour of contract customers amounting to HK$129,125,000 (2006: HK$82,698,000). In addition, at 31 March 2007, the Company had provided guarantees given to banks against the facilities granted to subsidiaries of the Company utilised to the extent of approximately HK$689 million (2006: HK$567 million).

STAFF AND REMUNERATION POLICY

At 31 March 2007 the Group employed 300 full-time staff in Hong Kong. The Group remunerates its staff based on their performance and work experience and the prevailing market rates. Staff benefits include mandatory provident fund, medical insurance and training programmes.

The Company also maintains a share option scheme. The purposes of the share option scheme are to provide incentives for the full-time employees and executives, to recognise their contributions to the growth of the Group and to provide more flexibility for the Group in formulating its remuneration policy.

On 7 December 2006, the Company granted options to various employees to subscribe for an aggregate of 6,900,000 shares of the Company. The vesting period of these options is 7 December 2006 to 6 June 2007. These options can be exercised within 5 years from 7 June 2007 through 6 June 2012 at a subscription price of HK$0.165.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF PERFORMANCE OF GOOD TRADER LIMITED ACQUIRED ON 14 MARCH 2005

Overview

Good Trader Limited ("Good Trader") is principally engaged in holding of the properties at Ground, 1st to 5th Floors and the roof of Nos. 123-125 Tung Choi Street, 1st Floor and portion of landing on Ground Floor, 2nd to 5th Floors of No. 127 Tung Choi Street, Mongkok, Kowloon. Details of the acquisition of Good Trader are disclosed in the Company's circular dated 23 February 2005.

Good Trader only commenced substantive operations in April 2005 when it completed the acquisition of the above-mentioned properties at Tung Choi Street.

Liquidity and financial resources

As of 31 March 2007, Good Trader had total assets of approximately HK$115.7 million, which were financed primarily by a bank mortgage loan of approximately HK$76.3 million and amounts due to fellow subsidiaries in respect of the remaining balance.

As of 31 March 2006, Good Trader had total assets of approximately HK$115.5 million, which were financed primarily by a bank mortgage loan of approximately HK$78.4 million and amounts due to a fellow subsidiary in respect of the remaining balance.

Good Trader's bank mortgage loan was obtained to finance the acquisition of its properties and is repayable by monthly instalments over 12 years.

Capital structure

As of 31 March 2007 and 2006, Good Trader's bank mortgage loan was denominated in Hong Kong dollars and bore interest at floating rates determined with reference to HIBOR.

Significant investment, acquisitions and disposals

Good Trader did not make any significant investment, acquisitions and disposals during the years ended 31 March 2007 and 2006.

Segment information

As Good Trader engages only in property investment, no segment information is presented.

Charges on assets

Good Trader's properties with a carrying value of approximately HK$115.6 million and HK$115.5 million as of 31 March 2007 and 2006 respectively have been pledged as security against the bank mortgage loan.

Gearing ratio

As of 31 March 2007 and 2006, Good Trader had shareholders' deficit. Therefore, no gearing ratio has been calculated.

Exposure to fluctuations in exchange rate

The operations of Good Trader are all carried out in Hong Kong and its transactions are all denominated in Hong Kong dollars. Therefore, Good Trader is not exposed to any significant exchange rate fluctuations.

Employees

Good Trader has not employed any staff since incorporation till 31 March 2007.

Prospects and future plan for material investments or capital assets

After the acquisition of Good Trader's properties being the whole block at Nos. 123-125 Tung Choi Street together with the whole block except Ground Floor at No. 127 Tung Choi Street, the Group has decided to acquire the remaining portion of No. 127 Tung Choi Street and pursue a redevelopment plan of the site at Nos. 123, 125 and 127 as a whole. Accordingly, the Group had submitted the application to the Lands Tribunal for an order under the Land (Compulsory Sales for Redevelopment) Ordinance to sell all the undivided shares in the lots at Nos. 125 & 127 for redevelopment purposes. The hearing of the Group's application was completed in March 2007. Unfortunately, the Lands Tribunal dismissed the Group's application. Nevertheless, the Group has already applied to the Lands Tribunal for a review of its decision and court hearings have been scheduled in the coming few months.

It is planned that the Group will finance the redevelopment plan by internal resources and bank borrowings, if the Group succeeds in acquiring the remaining portion of No. 127 Tung Choi Street.

Contingent liabilities

Good Trader had no significant contingent liabilities as of 31 March 2007 and 2006.

1. ACCOUNTANTS' REPORT ON FRASON

The following is the text of a report, prepared for the purpose of incorporation in this circular, from the auditors of the Company, Ernst & Young.

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

21 September 2007

The Directors
Vantage International (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information relating to Frason Holdings Limited ("Frason") for each of the three years ended 31 March 2005, 2006 and 2007 (the "Relevant Periods"), prepared on the basis set out in note 2.1 below, for inclusion in the circular of Vantage International (Holdings) Limited (the "Company") dated 21 September 2007 (the "Circular") in relation to the proposed acquisition (the "Acquisition") of (a) the entire issued share capital of Frason; (b) the entire issued share capital of Winner City Investment Limited ("Winner City"); and (c) the loans owing by Frason and Win Extra Limited ("Win Extra") to Mr. Ngai Chun Hung, the director and chairman of the Company and the director of Frason and Winner City by Profit Chain Investments Limited ("Profit Chain"), a wholly-owned subsidiary of the Company, pursuant to the conditional sale and purchase agreement dated 28 August 2007 entered into between Profit Chain, Winflower International Holdings Limited ("Winflower") and Mr. Ngai Chun Hung.

Frason was incorporated with limited liability under the Hong Kong Companies Ordinance (the "Companies Ordinance") on 5 March 2004. During the Relevant Periods, Frason was principally engaged in property investment.

We have audited the financial statements of Frason for the Relevant Periods, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The financial information of the income statements, statements of changes in equity and cash flow statements of Frason for the Relevant Periods and the balance sheets of Frason as at 31 March 2005, 2006 and 2007, together with the notes thereon (the "Financial Information"), set out in this report has been prepared from the audited financial statements and no adjustments were considered necessary. We have examined the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of Frason are responsible for the preparation of the Financial Information. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion solely to you.

In our opinion, the Financial Information, for the purpose of this report, and on the basis of preparation set out below, gives a true and fair view of the results and cash flows of Frason for the Relevant Periods, and of the state of affairs of Frason as at 31 March 2005, 2006 and 2007.

I. FINANCIAL INFORMATION

Income Statements

		Year ended 31 March		
		2005	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	4	–	283	3,400
Property expenses		–	(71)	–
Gross profit		–	212	3,400
Other gain	4	–	–	42,720
Administrative expenses		(3)	(53)	(37)
Finance costs	7	–	(827)	(2,477)
PROFIT/(LOSS) BEFORE TAX	6	(3)	(668)	43,606
Tax	8	–	–	(7,476)
PROFIT/(LOSS) FOR THE YEAR		(3)	(668)	36,130

I. FINANCIAL INFORMATION (CONTINUED)

Balance Sheets

		31 March		
		2005	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSET				
Investment property	10	–	73,030	115,750
CURRENT ASSETS				
Amount due from a director	11	7	–	–
Other receivables		–	283	383
Cash and bank balances		–	11	51
Total current assets		7	294	434
CURRENT LIABILITIES				
Other payables and accruals		–	915	900
Interest-bearing bank loan	12	–	1,471	1,572
Amount due to a director	13	–	24,554	25,284
Total current liabilities		–	26,940	27,756
NET CURRENT ASSETS/ (LIABILITIES)		7	(26,646)	(27,322)
TOTAL ASSETS LESS CURRENT LIABILITIES		7	46,384	88,428
NON-CURRENT LIABILITIES				
Interest-bearing bank loan	12	–	47,045	45,483
Deferred tax liabilities	14	–	–	7,476
Total non-current liabilities		–	47,045	52,959
Net assets/(liabilities)		7	(661)	35,469
EQUITY				
Issued capital	15	10	10	10
Retained profits/(accumulated losses)		(3)	(671)	35,459
Total equity		7	(661)	35,469

I. FINANCIAL INFORMATION (CONTINUED)

Statements of Changes in Equity

	Issued capital	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2004	10	–	10
Loss for the year	–	(3)	(3)
At 31 March 2005 and 1 April 2005	10	(3)	7
Loss for the year	–	(668)	(668)
At 31 March 2006 and 1 April 2006	10	(671)	(661)
Profit for the year	–	36,130	36,130
At 31 March 2007	10	35,459	35,469

I. FINANCIAL INFORMATION (CONTINUED)

Cash Flow Statements

	Note	2005	2006	2007
		Year ended 31 March		
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		(3)	(668)	43,606
Adjustments for:				
Finance costs	7	–	827	2,477
Change in fair value of investment property		–	–	(42,720)
		(3)	159	3,363
Decrease in amount due from a director		3	7	–
Increase in other receivables		–	(283)	(100)
Increase/(decrease) in other payables and accruals		–	915	(15)
Cash generated from operations		–	798	3,248
Interest paid		–	(827)	(2,477)
Net cash inflow/(outflow) from operating activities		–	(29)	771
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment property		–	(73,030)	–
Net cash outflow from investing activities		–	(73,030)	–
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loan		–	49,000	–
Repayment of bank loan		–	(484)	(1,461)
Increase in amount due to a director		–	24,554	730
Net cash inflow/(outflow) from financing activities		–	73,070	(731)
NET INCREASE IN CASH AND CASH EQUIVALENTS		–	11	40
Cash and cash equivalents at beginning of year		–	–	11
CASH AND CASH EQUIVALENTS AT END OF YEAR		–	11	51
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		–	11	51

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information

1. CORPORATE INFORMATION

Frason is a limited liability company incorporated in Hong Kong. Its registered office is located at 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

During the Relevant Periods, Frason was principally engaged in property investment.

In the opinion of the directors of Frason, Winflower, a company incorporated in the British Virgin Islands, is Frason's parent and ultimate holding company.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which also include HKASs and Interpretations) issued by the HKICPA. They have been prepared under the historical cost convention, except for an investment property of Frason, which has been measured at fair value. The Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated. The Financial Information has been prepared under the going concern concept despite the net current liabilities of Frason because Frason's beneficial owner, Mr. Ngai Chun Hung, has agreed to provide continual financial support and adequate funds to Frason to meet its liabilities until the completion of the Acquisition.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

Frason has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the Relevant Periods, in the Financial Information. Of the new and revised HKFRSs, the following may be relevant to Frason's operations and financial position:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about Frason's objectives, policies and processes for managing capital; quantitative data about what Frason regards as capital; compliance with any external capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of Frason's financial instruments and the nature and extent of risks arising from those financial instruments.

Frason is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment and HKFRS 7 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on Frason's results of operations and financial position.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to Frason if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Frason; (ii) has an interest in Frason that gives it significant influence over Frason; or (iii) has joint control over Frason;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of Frason or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Investment property

Investment property is land and building which is owned or held under a leasehold interest to earn rental income and/or for capital appreciation. This includes land and building held for a currently undetermined future use. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, such investment property is stated at fair value with changes in fair value recognised in the income statement.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in the income statement on the straight-line basis over the lease terms.

Where Frason is the lessor, assets leased by Frason under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(a) Financial assets

Frason's financial assets include amount due from a director and other receivables and are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value is recognised in the income statement.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment loss on loans and receivables is recognised when there is objective evidence that Frason will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(b) Financial liabilities

Frason's financial liabilities include interest-bearing bank loan, other payables and amount due to a director. Financial liabilities are recognised when Frason becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. Tax rates enacted or substantively enacted by the balance sheet date are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Cash and cash equivalents

Cash and bank balances are carried in the balance sheet at cost.

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less when acquired less bank overdrafts.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs are expensed in the income statement in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to financing of the constructions of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Frason and when the revenue can be measured reliably. Rental income is recognised on a time proportion basis over the lease terms.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying Frason's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitment – as lessor

Frason has entered into a commercial property lease for its investment property. Frason has determined that it retains all the significant risks and rewards of ownership of the property which is leased out on an operating lease.

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet dates, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Fair value of investment property

Investment property is carried in balance sheet at its fair value. The fair value was based on a valuation on the investment property which involves making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of Frason's investment property and the corresponding adjustments to the gain or loss recognised in the income statement.

4. REVENUE AND OTHER GAIN

Revenue, which is also Frason's turnover, represents gross rental income received and receivable from its investment property.

Other gain represents the fair value gain on change in fair value of investment property.

5. SEGMENT INFORMATION

No business and geographical segment information is presented as all revenue and assets of Frason are related to its property investment in Hong Kong during the Relevant Periods.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

6. PROFIT/(LOSS) BEFORE TAX

Frason's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Direct expenses arising on an rental-earning investment property	–	71	–
Directors' remuneration*	–	–	–
Auditors' remuneration	–	13	–
Net rental income	–	(212)	(3,400)

* No director received any fees or emoluments in respect of their services rendered to Frason during the Relevant Periods.

7. FINANCE COSTS

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank loan	–	827	2,477

8. TAX

No provision for Hong Kong profits tax has been made as Frason did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Current	–	–	–
Deferred *(note 14)*	–	–	7,476
Tax charge for the year	–	–	7,476

A reconciliation of tax expense applicable to profit/(loss) before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before tax	(3)	(668)	43,606
Tax at the statutory tax rate of 17.5%	–	(117)	7,631
Tax losses utilised from previous periods	–	–	(131)
Tax losses not recognised	–	131	–
Others	–	(14)	(24)
Tax charge at Frason's effective rate	–	–	7,476

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

9. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

10. INVESTMENT PROPERTY

		31 March	
	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount at beginning of year	–	–	73,030
Addition	–	73,030	–
Net gain from a fair value adjustment	–	–	42,720
Carrying amount at end of year	–	73,030	115,750

Frason's investment property is situated in Hong Kong and is held under a medium term lease.

The investment property was revalued on 31 March 2006 by the directors at HK$73,030,000 on the open market value basis using certain assumptions of market conditions.

The investment property was revalued on 31 March 2007 by Dynasty Premium Asset Valuation Real Estate Consultancy Limited, independent professionally qualified valuers, at HK$115,750,000 on market value, existing use basis.

At 31 March 2006 and 2007, the investment property of Frason was pledged to secure the bank loan of Frason and a related company's general banking facilities.

11. AMOUNT DUE FROM A DIRECTOR

The amount due from a director as at 31 March 2005 represented an amount due from Mr. Ngai Chun Hung, a director of Frason, which was also the maximum amount outstanding for the year ended 31 March 2005.

The amount due from a director was unsecured, interest-free and had no fixed terms of repayment.

12. INTEREST-BEARING BANK LOAN

		31 March	
	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*
Repayable:			
Within one year	–	1,471	1,572
In the second year	–	1,541	1,649
In the third to fifth years, inclusive	–	5,146	5,508
Beyond five years	–	40,358	38,326
	–	48,516	47,055
Portion classified as current liabilities	–	(1,471)	(1,572)
Non-current portion	–	47,045	45,483

The bank loan was secured by a legal charge over the Frason's investment property and a personal guarantee executed by Mr. Ngai Chun Hung.

The bank loan was denominated in Hong Kong dollars and bore interest at floating rates, the effective interest rates of which were 4.725% and 5.308% per annum for the year ended 31 March 2006 and 2007, respectively. The interest rates were reset as the market rate changes and were primarily repriced every month.

The carrying amount of Frason's bank loan approximates to its fair value.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

13. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured, interest-free and had no fixed terms of repayment.

The carrying amount of the amount due to a director approximates to its fair value.

14. DEFERRED TAX LIABILITIES

	Revaluation of investment property *HK$'000*
At 31 March 2006 and 1 April 2006	–
Deferred tax charged to the income statement during the year *(note 8)*	7,476
Gross deferred tax liabilities at 31 March 2007	7,476

At 31 March 2006, Frason had tax losses arising in Hong Kong of approximately HK$749,000 (2005 and 2007: Nil) that are available indefinitely for offsetting against future taxable profits. Deferred tax assets had not been recognised in respect of these losses as the utilisation of which is uncertain.

15. ISSUED CAPITAL

		31 March	
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Authorised, issued and fully paid:			
10,000 shares of HK$1 each	10	10	10

16. OPERATING LEASE ARRANGEMENT

As lessor

Frason leases its investment property *(note 10)* under an operating lease arrangement, with a lease term negotiated for a period of three years.

At the balance sheet dates, Frason had total future minimum lease receivables under non-cancellable operating lease with its tenant falling due as follows:

		31 March	
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	–	3,400	3,400
In the second to fifth years, inclusive	–	6,517	3,117
	–	9,917	6,517

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the Financial Information, Frason had the following material transaction with a related party during the Relevant Periods:

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Rental income received from Able Engineering Company Limited	–	283	3,400

Note: Mr. Ngai Chun Hung is a common director of Frason and Able Engineering Company Limited, a company incorporated in Hong Kong with limited liability. The rental income was determined by reference to the prevailing market rate. The rental deposit received included in other payables of Frason was HK$900,000 as at 31 March 2006 and 2007.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Frason's major financial instruments include cash and bank balances and borrowings. Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of Frason's business. These risks are limited by Frason's financial management policies and practices described below.

(a) Credit risk

Frason's credit risk arises primarily from the receivable from its tenant. According to the tenancy agreement, a rental deposit has been received. As a result, Frason's credit risk is not significant.

(b) Liquidity risk

Management regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. Frason's funding requirements are generally met by a bank loan and a borrowing from a director who has agreed to provide continuing financial support to Frason to meet its financial obligations as and when they fall due. Thus, Frason's liquidity risk is minimised.

(c) Interest rate risk

Frason's interest rate risk relates primarily to floating rate bank borrowing which exposes Frason to cash flow interest rate risk. Frason does not have an interest rate hedging policy. However, the management monitors closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(d) Foreign currency risk

As all of Frason's operations are in Hong Kong and its income and expense are primarily denominated in Hong Kong dollars, which is Frason's functional currency, Frason has no significant foreign currency risk.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Frason have been prepared in respect of any period subsequent to 31 March 2007.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS

Review of operation

Frason is principally engaged in property investment. For the year ended 31 March 2007, Frason recorded net profit of approximately HK$36,130,000, whilst for the years ended 31 March 2006 and 2005, Frason recorded net loss of approximately HK$668,000 and HK$3,000 respectively.

Frason only commenced substantive operations in November 2005 when it acquired the Frason Property.

Liquidity and financial resources

As of 31 March 2007, Frason had total assets of approximately HK$116,184,000, which were financed primarily by a bank mortgage loan of approximately HK$47,055,000, loan advanced by a director of approximately HK$25,284,000 and shareholders' equity of approximately HK$35,469,000.

As of 31 March 2006, Frason had total assets of approximately HK$73,324,000, which were financed primarily by a bank mortgage loan of approximately HK$48,516,000 and loan advanced by a director of approximately HK$24,554,000.

Frason's bank mortgage loan was obtained to finance the acquisition of the Frason Property and repayable by 240 monthly instalments.

Capital structure

As of 31 March 2007 and 2006, Frason's bank mortgage loan was denominated in Hong Kong dollars and bore interest at floating rates determined with reference to 3-month HIBOR.

Significant investment, acquisitions and disposals

Frason acquired the Frason Property for an aggregate cost of approximately HK$73 million in November 2005.

Save for the afore-said, Frason did not make any significant investment, acquisition or disposal during the years ended 31 March 2007, 2006 and 2005.

Segment information

As Frason only engages in holding of Frason Property, no segment information is presented.

Charges on assets

Frason's investment property with a carrying value of HK$115,750,000 and HK$73,030,000 as of 31 March 2007 and 2006 respectively is pledged as security against its bank mortgage loan. As of 31 March 2005, there was no charge on assets.

Gearing ratio

As of 31 March 2007, Frason's gearing ratio (measured as total bank borrowings less cash and cash equivalents, divided by total shareholders' equity) was 133%.

As of 31 March 2006, Frason had shareholders' deficit. Therefore no gearing ratio as of 31 March 2006 has been calculated.

Exposure to fluctuations in exchange rate

The operations of Frason are all carried out in Hong Kong and its transactions are all denominated in Hong Kong dollars. Therefore, Frason is not exposed to any significant exchange rate fluctuations.

Employees

Frason has not employed any staff since incorporation till 31 March 2007.

Prospects

Frason Property has been leased to the Group for three years from 1 March 2006 to 28 February 2009 for a monthly rental of HK$300,000 under a tenancy agreement dated 28 February 2006. Upon Completion, this tenancy agreement will continue to take effect. As such, Frason Property will continue to be used as the Group's head office.

Future plan for material investments or capital assets

Currently, Frason has no plan for material investments or capital assets.

Contingent liabilities

Frason's investment property with a carrying value of HK$115,750,000 and HK$73,030,000 as of 31 March 2007 and 2006 respectively was pledged as security against certain banking facilities granted by a bank to a related company. The banking facilities were utilised to an extent of approximately HK$6.5 million and HK$3.4 million as of 31 March 2007 and 2006 respectively by the related company. No provision for such related company's obligation has been made as it is not probable that such related company would fail to make payment under those banking facilities.

As of 31 March 2005, Frason had no contingent liabilities.

1. ACCOUNTANTS' REPORT ON WINNER CITY GROUP

The following is the text of a report, prepared for the purpose of incorporation in this circular, from the auditors of the Company, Ernst & Young.

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

21 September 2007

The Directors
Vantage International (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information relating to Winner City Investment Limited ("Winner City") and its subsidiary (hereinafter collectively referred to as "Winner City Group") for the period from 16 May 2006 (date of incorporation) to 31 March 2007 (the "Relevant Period"), prepared on the basis set out in note 2.1 below, for inclusion in the circular of Vantage International (Holdings) Limited (the "Company") dated 21 September 2007 (the "Circular") in relation to the proposed acquisition ("Acquisition") of (a) the entire issued share capital of Frason Holdings Limited ("Frason"); (b) the entire issued share capital of Winner City; and (c) the loans owing by Frason and Win Extra Limited ("Win Extra") to Mr. Ngai Chun Hung, the director and chairman of the Company and the director of Frason and Winner City by Profit Chain Investments Limited ("Profit Chain"), a wholly-owned subsidiary of the Company, pursuant to the conditional sale and purchase agreement dated 28 August 2007 entered into between Profit Chain, Winflower International Holdings Limited ("Winflower") and Mr. Ngai Chun Hung.

Winner City was incorporated with limited liability in the British Virgin Islands on 16 May 2006. During the Relevant Period, Winner City was principally engaged in investment holding.

We have audited the consolidated financial statements of Winner City Group for the Relevant Period, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The financial information of the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of Winner City Group for the Relevant Period, the consolidated balance sheet of Winner City Group as at 31 March 2007 and the balance sheet of Winner City as at 31 March 2007, together with the notes thereon (the "Financial Information"), set out in this report has been prepared from the audited financial statements and no adjustments were considered necessary. We have examined the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The director of Winner City is responsible for the preparation of the Financial Information. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion solely to you.

In our opinion, the Financial Information, for the purpose of this report, and on the basis of preparation set out below, gives a true and fair view of the results and cash flows of Winner City Group for the Relevant Period, and of the state of affairs of Winner City and Winner City Group as at 31 March 2007.

I. FINANCIAL INFORMATION

Consolidated Income Statement

	Notes	Period from 16 May 2006 (date of incorporation) to 31 March 2007 HK$'000
REVENUE	4	234
Property expenses		(101)
Gross profit		133
Other gain	4	64,424
Administrative expenses		(98)
Finance costs	7	(2,196)
PROFIT BEFORE TAX	6	62,263
Tax	8	(11,274)
PROFIT ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT	9	50,989

I. FINANCIAL INFORMATION (CONTINUED)

Consolidated Balance Sheet

	Notes	31 March 2007 HK$'000
NON-CURRENT ASSETS		
Investment properties	11	185,000
CURRENT ASSETS		
Cash and bank balances		343
CURRENT LIABILITIES		
Interest-bearing bank loans	13	31,010
Amount due to a director	14	18,087
Total current liabilities		49,097
NET CURRENT LIABILITIES		(48,754)
TOTAL ASSETS LESS CURRENT LIABILITIES		136,246
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	13	73,983
Deferred tax liabilities	15	11,274
Total non-current liabilities		85,257
Net assets		50,989
EQUITY		
Issued capital	16	–
Retained profits		50,989
Total equity		50,989

I. FINANCIAL INFORMATION (CONTINUED)

Balance Sheet

	Notes	**31 March 2007** *HK$'000*
NON-CURRENT ASSET		
Investment in a subsidiary	12	–
CURRENT LIABILITY		
Amount due to a director	14	3
Net liabilities		(3)
EQUITY		
Issued capital	16	–
Accumulated losses		(3)
Total equity		(3)

I. FINANCIAL INFORMATION (CONTINUED)

Consolidated Statement of Changes in Equity

	Issued capital	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 16 May 2006 (date of incorporation)	–	–	–
Profit for the period	–	50,989	50,989
At 31 March 2007	–	50,989	50,989

I. FINANCIAL INFORMATION (CONTINUED)

Consolidated Cash Flow Statement

	Note	Period from 16 May 2006 (date of incorporation) to 31 March 2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		62,263
Adjustments for:		
Finance costs	7	2,196
Change in fair value of investment properties		(64,424)
Cash generated from operations		35
Interest paid		(2,196)
Net cash outflow from operating activities		(2,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment properties		(120,576)
Net cash outflow from investing activities		(120,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans		106,490
Repayment of bank loans		(1,497)
Increase in amount due to a director		18,087
Net cash inflow from financing activities		123,080
NET INCREASE IN CASH AND CASH EQUIVALENTS		343
Cash and cash equivalents at beginning of period		–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		343
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances		343

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information

1. CORPORATE INFORMATION

Winner City is a limited liability company incorporated in the British Virgin Islands. Its registered office is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

During the Relevant Period, Winner City was principally engaged in investment holding and Winner City Group was principally engaged in property investment.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which also include HKASs and Interpretations) issued by the HKICPA. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated. The Financial Information has been prepared under the going concern concept despite the net current liabilities of Winner City and Winner City Group because Winner City's beneficial owner, Mr. Ngai Chun Hung, has agreed to provide continual financial support and adequate funds to Winner City and Winner City Group to meet their liabilities until the completion of the Acquisition.

Basis of consolidation

The Financial Information includes the financial statements of Winner City and its subsidiary for the Relevant Period. The results of the subsidiary are consolidated from the date of acquisition, being the date on which Winner City Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within Winner City Group are eliminated on consolidation.

As at the date of this report, Winner City had direct interest in the following subsidiary. The particulars of which are set out below:

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity directly attributable to Winner City	Principal activity
Win Extra Limited	Hong Kong	HK$1	100	Property investment

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

Winner City Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the Relevant Period, in the Financial Information. Of the new and revised HKFRSs, the following may be relevant to Winner City Group's operations and financial position:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about Winner City Group's objectives, policies and processes for managing capital; quantitative data about what Winner City Group regards as capital; compliance with any external capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of Winner City Group's financial instruments and the nature and extent of risks arising from those financial instruments.

Winner City Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment and HKFRS 7 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on Winner City Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity whose financial and operating polices Winner City controls, directly or indirectly, so as to obtain benefits from its activities.

The results of Winner City's subsidiary are included in Winner City's income statement to the extent of dividends received and receivable. Winner City's investment in the subsidiary is stated at cost less any impairment losses.

Related parties

A party is considered to be related to Winner City Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Winner City Group; (ii) has an interest in Winner City Group that gives it significant influence over Winner City Group; or (iii) has joint control over Winner City Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of Winner City Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land and buildings held for a currently undetermined future use. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value with changes in fair value recognised in the income statement.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in the income statement on the straight-line basis over the lease terms.

Where Winner City Group is the lessor, assets leased by Winner City Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms.

Financial instruments

Financial liabilities

Winner City Group's financial liabilities include interest-bearing bank loans and amount due to a director. Financial liabilities are recognised when Winner City Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. Tax rates enacted or substantively enacted by the balance sheet date are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and bank balances are carried in the consolidated balance sheet at cost.

For the purpose of the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less when acquired, less bank overdrafts.

Borrowing costs

Borrowing costs are expensed in the income statement in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the financing of the construction of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Winner City Group and when the revenue can be measured reliably. Rental income is recognised on a time proportion basis over the lease terms.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgement

In the process of applying Winner City Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments – as lessor

Winner City Group has entered into commercial property leases for its investment properties. Winner City Group has determined that it retains all the significant risks and rewards of ownership of the property which is leased out on operating leases.

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Fair value of investment properties

Investment properties are carried in the consolidated balance sheet at their fair value. The fair value was based on a valuation on those properties which involves making assumptions on certain market conditions. Favourable or unfavourable changes to those assumptions would result in changes in the fair value of Winner City Group's investment properties and the corresponding adjustments to the gain or loss recognised in the consolidated income statement.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

4. REVENUE AND OTHER GAIN

Revenue, which is also Winner City Group's turnover, represents gross rental income received and receivable from its investment properties.

Other gain represents the fair value gain on change in fair value of investment properties.

5. SEGMENT INFORMATION

No business and geographical segment information is presented as all revenue and assets of Winner City Group are related to its property investment in Hong Kong during the Relevant Period.

6. PROFIT BEFORE TAX

Winner City Group's profit before tax is arrived at after charging/(crediting):

	Period from 16 May 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Direct expenses arising on rental-earning investment properties	101
Director's remuneration*	–
Auditors' remuneration	–
Net rental income	(133)

* No director received any fees or emoluments in respect of his services rendered to Winner City Group during the Relevant Period.

7. FINANCE COSTS

	Period from 16 May 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Interest on bank loans	2,196

8. TAX

No provision for Hong Kong profits tax has been made as Winner City Group did not generate any assessable profits arising in Hong Kong during the Relevant Period.

	Period from 16 May 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Current	–
Deferred *(note 15)*	11,274
Tax charge for the period	11,274

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

8. TAX (continued)

A reconciliation of tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Period from 16 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Profit before tax	62,263
Tax at the statutory tax rate of 17.5%	10,896
Tax losses not recognised	378
Tax charge at Winner City Group's effective rate	11,274

9. PROFIT ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT

The consolidated profit attributable to equity holder of the parent for the period ended 31 March 2007 includes a loss of HK$3,000 which has been dealt with in the financial statements of Winner City.

10. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

11. INVESTMENT PROPERTIES

Winner City Group

	HK$'000
Carrying amount at beginning of period	–
Additions	120,576
Net gain from a fair value adjustment	64,424
Carrying amount at 31 March 2007	185,000

Winner City Group's investment properties are situated in Hong Kong and are held under medium term leases.

The investment properties were revalued on 31 March 2007 by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, independent professionally qualified valuers, at HK$185,000,000 on market value, existing use basis.

At 31 March 2007, the investment properties of Winner City Group with an aggregate carrying value of HK$185,000,000 were pledged to secure the bank loans of Winner City Group.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

12. INVESTMENT IN A SUBSIDIARY

Winner City

	31 March 2007 *HK$*
Unlisted share, at cost	1

13. INTEREST-BEARING BANK LOANS

Winner City Group

	31 March 2007 *HK$'000*
Repayable:	
Within one year	31,010
In the second year	4,221
In the third to fifth years, inclusive	14,040
Beyond five years	55,722
	104,993
Portion classified as current liabilities	(31,010)
Non-current portion	73,983

At 31 March 2007, the bank loans were secured by a legal charge over Winner City Group's investment properties and a personal guarantee executed by Mr. Ngai Chun Hung.

The bank loans were denominated in Hong Kong dollars and bore interest at floating rates, the effective interest rate of which was the weighted average of 5.129% per annum during the Relevant Period. The interest rate was reset as the market rate changes and was primarily repriced every month.

The carrying amounts of Winner City Group's bank loans approximate to their fair values.

14. AMOUNT DUE TO A DIRECTOR

The Winner City Group's and Winner City's amount due to a director was unsecured, interest-free and had no fixed terms of repayment.

The carrying amount of the amount due to a director approximates to its fair value.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

15. DEFERRED TAX LIABILITIES

Winner City Group

	Revaluation of investment properties *HK$'000*
At 16 May 2006 (date of incorporation)	–
Deferred tax charged to the income statement during the period *(note 8)*	11,274
Deferred tax liabilities at 31 March 2007	11,274

At 31 March 2007, Winner City Group had tax losses arising in Hong Kong of approximately HK$2,160,000 that are available indefinitely for offsetting against future taxable profits. Deferred tax assets had not been recognised in respect of these losses as the utilisation of which is uncertain.

16. ISSUED CAPITAL

	31 March 2007 *HK$*
Authorised:	
50,000 ordinary share of US$1 each	390,720
Issued and fully paid:	
1 ordinary share of US$1 each	8

On 16 May 2006 (date of incorporation), one ordinary share of US$1 was issued at par for cash to the founding shareholder of Winner City, which resulted in proceeds of HK$8. The purpose of the issue was to provide working capital.

17. RELATED PARTY TRANSACTIONS

At 31 March 2007, Mr. Ngai Chun Hung, the director of Winner City Group has provided a personal guarantee for the bank loans of Winner City Group. Details of which are disclosed in note 13.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Winner City Group's major financial instruments include cash and bank balances and borrowings from bank and a director. Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of its business. These risks are limited by Winner City Group's financial management policies and practices described below.

(a) Credit risk

Winner City Group's credit risk arises primarily from the lease receivable from its tenants. Winner City Group's credit risk is not significant.

(b) Liquidity risk

Management regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. Winner City Group's funding requirements are generally met by bank loans and a borrowing from a director who has agreed to provide continuing financial support to Winner City Group to meet its financial obligations as and when they fall due. Thus, Winner City's liquidity risk is minimised.

I. FINANCIAL INFORMATION (CONTINUED)

Notes to the Financial Information (continued)

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Winner City Group's interest rate risk relates primarily to floating bank borrowings which expose Winner City Group to cash flow interest rate risk. Winner City Group does not have an interest rate hedging policy. However, management monitors closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(d) Foreign currency risk

As all of Winner City Group's operations are in Hong Kong and its income and expense are primarily denominated in Hong Kong dollars, which is Winner City Group's functional currency, Winner City Group has no significant foreign currency risk.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Winner City and its subsidiary have been prepared in respect of any period subsequent to 31 March 2007.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS

Review of operation

Winner City is principally engaged in investment holding. Its subsidiary, Win Extra, is principally engaged in property investment. For the period from 16 May 2006 (date of incorporation) to 31 March 2007, Winner City Group recorded a consolidated net profit of approximately HK$50,989,000.

Liquidity and financial resources

As of 31 March 2007, Winner City Group had consolidated total assets of approximately HK$185,343,000, which were financed primarily by bank loans of approximately HK$104,993,000, loan advanced by a director of approximately HK$18,087,000 and shareholder's equity of approximately HK$50,989,000.

Winner City Group's bank loans were obtained to finance the acquisition of the Win Extra Property and, as of 31 March 2007, comprised revolving loans of HK$27,000,000 and a mortgage loan of approximately HK$77,993,000, which is repayable by 180 monthly instalments.

Capital structure

As of 31 March 2007, Winner City Group's bank loans were denominated in Hong Kong dollars and bore interest at floating rates determined with reference to 1-month HIBOR.

Significant investment, acquisitions and disposals

Winner City, through Win Extra, acquired Win Extra Property for an aggregate cost of approximately HK$120,576,000 from various independent third parties in October 2006.

Segment information

As Winner City Group only engages in holding of Win Extra Property, no segment information is presented.

Charges on assets

Winner City Group's investment property with a carrying value of HK$185,000,000 as of 31 March 2007 is pledged as security against its bank loans.

Gearing ratio

As of 31 March 2007, Winner City Group's gearing ratio (measured as consolidated total bank borrowings less consolidated cash and cash equivalents, divided by consolidated total shareholders' equity) was 206%.

Exposure to fluctuations in exchange rate

The operations of Winner City Group are all carried out in Hong Kong and its transactions are all denominated in Hong Kong dollars. Therefore, Winner City Group is not exposed to any significant exchange rate fluctuations.

Employees

Winner City Group has not employed any staff since incorporation till 31 March 2007.

Prospects and future plan for material investments or capital assets

After Completion, it is planned that Winner City Group will refurbish the Win Extra Property for future rental and/or resale purposes. The costs for refurbishment will be funded by internal resources of the Group.

Contingent liabilities

Winner City Group had no contingent liabilities as of 31 March 2007.

The followings are the unaudited pro forma financial information on the Enlarged Group and the text of a report thereon received from the auditors of the Company, Ernst & Young, prepared for the purpose of inclusion in this circular.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. UNAUDITED PRO FORMA INCOME STATEMENT OF THE ENLARGED GROUP

The following is the unaudited pro forma income statement which has been prepared for the purposes of providing the Shareholders with information about the impact of the Acquisition by illustrating how the Acquisition might have affected the operating results of the Group had the Acquisition been undertaken at the commencement of the year ended 31 March 2007.

This unaudited pro forma income statement has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, this pro forma income statement does not purport to describe the actual operating results of the Enlarged Group that would have been attained had the Acquisition been completed at the commencement of the year ended 31 March 2007. Neither does this unaudited pro forma income statement purport to predict the future operating results of the Enlarged Group.

This unaudited pro forma income statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the future operating results of the Enlarged Group following completion of the Acquisition.

Year ended 31 March 2007

	The Group (audited) *HK$'000*	Winner City Group (audited) *HK$'000*	Frason (audited) *HK$'000*	Pro forma adjustments (unaudited) *HK$'000*	*Note (ii)*	Pro forma Enlarged Group (unaudited) *HK$'000*
REVENUE	1,529,196	234	3,400	(3,400)	(a)	1,529,430
Contract costs	(1,447,906)	–	–			(1,447,906)
Property expenses	(1,441)	(101)	–			(1,542)
Gross profit	79,849	133	3,400			79,982
Other income and gains	36,322	64,424	42,720	(42,720)	(b)	100,746
Administrative expenses	(38,776)	(98)	(37)	3,400	(a)	(38,405)
				(2,894)	(c)	
Other expenses	(3,837)	–	–			(3,837)
Finance costs	(30,504)	(2,196)	(2,477)	(1,384)	(d)	(36,561)
PROFIT BEFORE TAX	43,054	62,263	43,606			101,925
Tax	(5,914)	(11,274)	(7,476)	7,476	(b)	(17,188)
PROFIT FOR THE YEAR	37,140	50,989	36,130			84,737

Notes:

(i) Basis of preparation

This unaudited pro forma income statement has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon (i) the audited consolidated income statement of the Group for the year ended 31 March 2007, which has been extracted from the annual report of the Company for the year ended 31 March 2007, (ii) the audited income statement of Frason for the year ended 31 March 2007, which has been extracted from the accountants' report on Frason included in Appendix II to this circular, and (iii) the audited consolidated income statement of Winner City Group for the year ended 31 March 2007, which has been extracted from the accountants' report on Winner City Group included in Appendix III to this circular, incorporating the pro forma adjustments described in note (ii) below.

This unaudited pro forma income statement has been prepared in a manner consistent with both the format and accounting policies adopted by the Group in its audited consolidated financial statements for the year ended 31 March 2007.

(ii) Notes to the pro forma adjustments

(a) This pro forma adjustment reflects the elimination of the inter-company transactions between the Group and Frason.

(b) This pro forma adjustment on other income reflects the reversal of the gain on changes in fair value of the Frason Property and the deferred tax thereon. Assuming the Acquisition had been completed at the beginning of the financial year ended 31 March 2007, the Frason Property being used by the Group as its own head office would have been accounted for as the Group's leasehold land and building. According to the Group's accounting policies, leasehold land and buildings are stated at cost less accumulated depreciation and impairment losses. Therefore, no gain on changes in fair value of the Frason Property would have been recognised.

(c) This pro forma adjustment on administrative expenses reflects the theoretical depreciation and amortisation expenses on the Frason Property for the year ended 31 March 2007, should it be accounted for as leasehold land and building from 1 April 2006.

(d) This pro forma adjustment on finance costs represents the theoretical additional interest expenses on the new bank mortgage loans obtained to replace or repay the Frason Property Bank Loan, the Win Extra Property Bank Loan, part of the Frason Loan and the Win Extra Loan, calculated on the assumption that the new bank mortgage loans had been obtained on 1 April 2006 and or at the acquisition of the Win Extra Property, and the interest rates had been calculated with reference to average HIBOR for the year ended 31 March 2007.

2. UNAUDITED PRO FORMA BALANCE SHEET OF THE ENLARGED GROUP

The following is the unaudited pro forma balance sheet which has been prepared for the purpose of providing the Shareholders with information about the impact of the Acquisition by illustrating how the Acquisition might have affected the financial position of the Group as at 31 March 2007, had the completion of the Acquisition taken place on 31 March 2007.

This unaudited pro forma balance sheet has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, this unaudited pro forma balance sheet does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 March 2007. Neither does this unaudited pro forma balance sheet purport to predict the future financial position of the Enlarged Group.

This unaudited pro forma balance sheet has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following completion of the Acquisition.

As of 31 March 2007

	The Group (audited) *HK$'000*	Winner City Group (audited) *HK$'000*	Frason (audited) *HK$'000*	Pro forma adjustments (unaudited) *HK$'000*	*Note (ii)*	Pro forma Enlarged Group (unaudited) *HK$'000*
NON-CURRENT ASSETS						
Property, plant and equipment	12,204	–	–	2,250	(g)	14,454
Properties held for development	115,586	–	–			115,586
Investment properties	412,810	185,000	115,750	(115,750)	(g)	597,810
Prepaid land lease payments	9,709	–	–	110,662	(g)	120,371
Total non-current assets	550,309	185,000	115,750			848,221
CURRENT ASSETS						
Gross amount due from customers for contract work	157,391	–	–			157,391
Properties under development	17,021	–	–			17,021
Property held for sale	44,833	–	–			44,833
Accounts receivable	192,759	–	–			192,759
Prepayment, deposits and other receivables	66,221	–	383	2,838	(g)	68,542
				(900)	(h)	
Amount due from a jointly-controlled entity	120	–	–			120
Derivative financial instruments	680	–	–			680
Tax recoverable	849	–	–			849
Pledged deposits	8,445	–	–			8,445
Cash and cash equivalents	49,550	343	51	(30,000)	(a)	19,944
	537,869	343	434			510,584
Non-current assets classified as held for sale	113,000	–	–			113,000
Total current assets	650,869	343	434			623,584

As of 31 March 2007

	The Group (audited) HK$'000	Winner City Group (audited) HK$'000	Frason (audited) HK$'000	Pro forma adjustments (unaudited) HK$'000	Note (ii)	Pro forma Enlarged Group (unaudited) HK$'000
CURRENT LIABILITIES						
Accounts payable	262,370	–	–			262,370
Gross amount due to customers for contract work	44,133	–	–			44,133
Tax payable	1,286	–	–			1,286
Other payables and accruals	9,627	–	900	(900)	(h)	9,627
Interest-bearing bank and other borrowings	305,558	31,010	1,572	(31,010)	(c)	312,982
				5,752	(c)	
				(1,572)	(c)	
				1,672	(c)	
Loan from a director	–	18,087	25,284	(43,371)	(f)	–
Total current liabilities	622,974	49,097	27,756			630,398
Net current assets/(liabilities)	27,895	(48,754)	(27,322)			(6,814)
Total assets less current liabilities	578,204	136,246	88,428			841,407
NON-CURRENT LIABILITIES						
Interest-bearing bank loans	255,015	73,983	45,483	(73,983)	(c)	438,218
				113,002	(c)	
				(45,483)	(c)	
				70,201	(c)	
Deferred tax liabilities	14,612	11,274	7,476			33,362
Total non-current liabilities	269,627	85,257	52,959			471,580
Net assets	308,577	50,989	35,469			369,827
EQUITY						
Equity attributable to equity holders of the parent						
Issued capital	23,519	–	10	8,696	(b)	32,215
				(10)	(d)	
Reserves	285,058	50,989	35,459	71,304	(b)	337,612
				(86,448)	(d)	
				(18,750)	(e)	
Total equity	308,577	50,989	35,469			369,827

Notes:

(i) Basis of preparation

This unaudited pro forma balance sheet has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon: (i) the audited consolidated balance sheet of the Group as of 31 March 2007, which has been extracted from the annual report of the Company for the year ended 31 March 2007, (ii) the audited balance sheet of Frason as of 31 March 2007, which has been extracted from the accountants' report on Frason included in Appendix II to this circular, and (iii) the audited consolidated balance sheet of Winner City Group as of 31 March 2007, which has been extracted from the accountants' report on Winner City Group included in Appendix III to this circular, incorporating the pro forma adjustments described in note (ii) below.

This unaudited pro forma balance sheet has been prepared in a manner consistent with both the format and accounting policies adopted by the Group in its audited consolidated financial statements for the year ended 31 March 2007.

(ii) Notes to the pro forma adjustments

(a) This pro forma adjustment reflects the payment by the Group of deposit of HK$30,000,000 upon signing of the Sale and Purchase Agreement as part of the consideration for the Acquisition.

(b) This pro forma adjustment reflects the issuance of 347,826,000 Consideration Shares as part of the consideration for the Acquisition, assuming that the Consideration Shares were issued at a price of HK$0.23 per Consideration Share.

(c) This pro forma adjustment reflects the new bank loans to be obtained at Completion to repay the Frason Property Bank Loan, the Win Extra Property Bank Loan, the Frason Loan and part of the Win Extra Loan, based on the indicative offer letters from the banks, that are subject to the bank's management approval. The new bank loans are to be available only upon completion of the Acquisition.

The new bank loans are expected to cover the balance of approximately HK$40 million of the consideration payable in cash at Completion, as discussed in the paragraph headed "Consideration for the Acquisition" in the Letter From the Board on pages 6 to 8 of this circular.

(d) This pro forma adjustment represents the elimination of the share capital and pre-acquisition reserves of Frason and Winner City Group.

(e) This pro forma adjustment reflects the impact on the retained profits of the Enlarged Group attributable to the write-off of the excess of the consideration for the Acquisition over the value of group of net assets of Frason and Winner City Group, calculated as follows:

	HK$'000
Consideration of the Acquisition (assuming that the Acquisition had been completed on 31 March 2007):	
Net assets of Winner City as of 31 March 2007	50,989
Net assets of Frason as of 31 March 2007	35,469
Add: Win Extra Loan as of 31 March 2007	18,087
Add: Frason Loan as of 31 March 2007	25,284
Add: Deferred tax liabilities of Frason as of 31 March 2007	7,476
Add: Deferred tax liabilities of Winner City Group as of 31 March 2007	11,274
	148,579
Group of net assets acquired:	
Net assets of Winner City Group as of 31 March 2007	50,989
Net assets of Frason as of 31 March 2007	35,469
Win Extra Loan as of 31 March 2007	18,087
Frason Loan as of 31 March 2007	25,284
	129,829
Excess of consideration over group of net assets acquired	18,750

The excess of consideration over group of net assets acquired arose from the deferred tax liabilities of Win Extra and Frason and would be charged as expense to the income statement of the Group immediately at the date of Completion.

(f) This pro forma adjustment reflects the repayment of the Win Extra Loan and the Frason Loan at Completion.

(g) The pro forma adjustment represents the restatement of the Frason Property as leasehold land and buildings instead of investment properties, as Frason Property has been used by the Group as office premise.

(h) This pro forma adjustment represents the elimination of the inter-company balances between the Group and Frason.

3. UNAUDITED PRO FORMA CASH FLOW STATEMENT OF THE ENLARGED GROUP

The following is the unaudited pro forma cash flow statement which has been prepared for the purpose of providing the Shareholders with information about the impact of the Acquisition by illustrating how the Acquisition might have affected the cash flows of the Group had the Acquisition been undertaken at the commencement of the year ended 31 March 2007.

This unaudited pro forma cash flow statement has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, this pro forma combined cash flow statement does not purport to describe the actual cash flows of the Enlarged Group that would have been attained had the Acquisition been completed at the commencement of the year ended 31 March 2007. Neither does this unaudited pro forma cash flow statement purport to predict the future cash flows of the Enlarged Group.

This unaudited pro forma cash flow statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the future cash flows of the Enlarged Group following completion of the Acquisition.

Year ended 31 March 2007

	The Group (audited) *HK$'000*	**Winner City Group (audited)** *HK$'000*	**Frason (audited)** *HK$'000*	**Pro forma adjustments (unaudited)** *HK$'000*	*Note (ii)*	**Pro forma Enlarged Group (unaudited)** *HK$'000*
CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax	43,054	62,263	43,606	(42,720)	(b)	101,925
				(2,894)	(c)	
				(1,384)	(f)	
Adjustments for:						
Finance costs	30,504	2,196	2,477	1,384	(f)	36,561
Interest income	(7,455)	–	–			(7,455)
Depreciation	3,861	–	–	56	(c)	3,917
Amortisation of prepaid land lease payments	256	–	–	2,838	(c)	3,094
Impairment of properties under development	171	–	–			171
Gain on disposal of items of property, plant and equipment	(6,440)	–	–			(6,440)
Write-off of items of property, plant and equipment	685	–	–			685
Changes in fair value of investment properties, net	(19,107)	(64,424)	(42,720)	42,720	(b)	(83,531)
Changes in fair value of derivative financial instruments	(1,432)	–	–			(1,432)
Equity-settled share option expenses	185	–	–			185
	44,282	35	3,363			47,680
Increase in an amount due from a jointly-controlled entity	(120)	–	–			(120)
Increase in properties held for development	(86)	–	–			(86)
Increase in gross amount due from customers for contract work	(122,336)	–	–			(122,336)
Increase in properties under development	(295)	–	–			(295)
Increase in accounts receivable	(54,524)	–	–			(54,524)
Increase in prepayment, deposits and other receivables	(15,623)	–	(100)			(15,723)
Increase in accounts payable	68,315	–	–			68,315
Decrease in gross amount due to customers for contract work	(7,259)	–	–			(7,259)
Decrease in other payables and accruals	(209)	–	(15)			(224)
Cash generated from/(used in) operations	(87,855)	35	3,248			(84,572)
Interest received	7,455	–	–			7,455
Interest paid	(30,504)	(2,196)	(2,477)	(1,384)	(f)	(36,561)
Hong Kong profits tax paid	(5,054)	–	–			(5,054)
Net cash inflow/(outflow) from operating activities	(115,958)	(2,161)	771			(118,732)

	Year ended 31 March 2007					
	The Group (audited) *HK$'000*	**Winner City Group (audited)** *HK$'000*	**Frason (audited)** *HK$'000*	**Pro forma adjustments (unaudited)** *HK$'000*	*Note (ii)*	**Pro forma Enlarged Group (unaudited)** *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	(8,782)	–	–			(8,782)
Purchases of investment properties	(1,443)	(120,576)	–			(122,019)
Proceeds from disposals of items of property, plant and equipment	22,955	–	–			22,955
Increase in pledged deposits	(206)	–	–			(206)
Net cash inflow/(outflow) from investing activities	12,524	(120,576)	–			(108,052)
CASH FLOWS FROM FINANCING ACTIVITIES						
Advances from/(repayment to) a director	–	18,087	730	(18,817)	(d)	–
New bank loans	462,663	106,490	–	14,086	(d)	583,239
Repayment of bank loans	(389,085)	(1,497)	(1,461)	(1,375)	(e)	(393,418)
Capital element of finance lease rental payments	(50)	–	–			(50)
Net cash inflow from financing activities	73,528	123,080	(731)			189,771
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,906)	343	40			(37,013)
Cash and cash equivalents at beginning of year	59,725	–	11	(30,000)	(a)	29,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,819	343	51			(7,277)

Notes:

(i) Basis of preparation

This unaudited pro forma cash flow statement has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon (i) the audited consolidated cash flow statement of the Group for the year ended 31 March 2007, which has been extracted from the annual report of the Company for the year ended 31 March 2007, (ii) the audited cash flow statement of Frason for the year ended 31 March 2007, which has been extracted from the accountants' report on Frason included in Appendix II to this circular, and (iii) the audited consolidated cash flow statement of Winner City Group for the year ended 31 March 2007, which has been extracted from the accountants' report on Winner City Group included in Appendix III to this circular, incorporating the pro forma adjustments described in note (ii) below.

This unaudited pro forma cash flow statement has been prepared in a manner consistent with both the format and accounting policies adopted by the Group in its audited consolidated financial statements for the year ended 31 March 2007.

(ii) Notes to the pro forma adjustments

(a) This pro forma adjustment reflects the payment of the deposit of HK$30,000,000 upon signing of the Sale and Purchase Agreement as part of the consideration for the Frason Shares, the Winner City Shares and the Win Extra Loan.

(b) This pro forma adjustment reflects the reversal of the gain on changes in fair value of the Frason Property. Assuming the Acquisition had been completed at the beginning of the financial year ended 31 March 2007, the Frason Property being used by the Group as its own head office would have been accounted for as the Group's leasehold land and building. According to the Group's accounting policies, leasehold land and buildings are stated at cost less accumulated depreciation and impairment losses. Therefore, no gain on changes in fair value of the Frason Property would have been recognised.

(c) This pro forma adjustment reflects the theoretical depreciation and amortisation expenses on the Frason Property for the year ended 31 March 2007, should it be accounted for as leasehold land and building from 1 April 2006.

(d) This pro forma adjustment represents the reversal of the Win Extra Loan and the Frason Loan that would have been replaced or repaid by the new bank mortgage loans obtained, assuming the Completion had taken place at the beginning of the financial year ended 31 March 2007.

(e) This pro forma adjustment reflects the theoretical additional amount of the principal repayment of the new bank mortgage loans replacing or repaying the Win Extra Property Bank Loan, the Frason Property Bank Loan, the Win Extra Loan and the Frason Loan.

(f) This pro forma adjustment on finance costs represents the theoretical additional interest expenses on the new bank mortgage loans, calculated on the assumption that the new bank mortgage loans had been obtained on 1 April 2006 or at the acquisition of the Win Extra Property, and the interest rates had been calculated with reference to HIBOR for the year ended 31 March 2007.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

ERNST & YOUNG

18th Floor
Two International Finance Centre,
8 Finance Street, Central
Hong Kong

21 September 2007

The Directors
Vantage International (Holdings) Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information"), which comprises the unaudited pro forma balance sheet, unaudited pro forma income statement and unaudited pro forma cash flow statement of Vantage International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group"), Winner City Investment Limited ("Winner City") and its subsidiary, Win Extra Limited ("Win Extra"), (collectively "Winner City Group") and Frason Holdings Limited ("Frason") (hereinafer referred to as the "Enlarged Group"), set out on pages 137 to 146 in Appendix IV to the circular (the "Circular") of the Company dated 21 September 2007 in connection with the proposed acquisition (the "Acquisition") of (a) the entire issued share capital of Frason; (b) the entire issued share capital of Winner City; and (c) the loans owing by Frason and Win Extra to Mr. Ngai Chun Hung, the director of the Company, which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the Acquisition might have affected the historical financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 137 to 146 in Appendix IV of the Circular.

Responsibilities

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 " Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position or results of:

(a) the Enlarged Group had the transactions actually occurred as at the dates indicated therein; or

(b) the Enlarged Group at any future dates or for any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer, in connection with their valuation as at 26 August 2007 of the Frason Property.

DYNASTY PREMIUM
ASSET VALUATION & REAL ESTATE
CONSULTANCY LIMITED
雍盛資產評估及房地產顧問有限公司

Dynasty Premiun
Asset Valuation &
Real Estate Consultancy Limited,
Suite 1901, 19/F,
Nam Wo Hong Building,
148 Wing Lok Street,
Sheung Wan,
Hong Kong

21 September 2007

The Board of Directors
Vantage International (Holdings) Ltd.
No. 155 Waterloo Road
Kowloon Tong
Kowloon

Dear Sirs,

Re: Valuation Report – The land of a residential site and its superstructures at No. 155 Waterloo Road, Kowloon Tong, Kowloon (referred to be as "*the property*") held by Frason Holdings Limited (referred to be as "*the Company*") for investment purpose

Client's instruction

We refer to the Company's instruction to assess the market value of the land as at the report's date. We confirm that we have external and internal inspection, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing our independent opinion of the market value.

Standard of valuation and definition of Market Value

Our valuation makes use of the definition of the market value as the standard of valuing the market value. According to *The Hong Kong Property Standards (1st ed. 2005)* and *RICS Appraisal and Valuation Standards (5th ed. 2003)* published by the Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors respectively, market value is defined as –

> "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Methodology and approach of valuation

Since the property is leased to Able Engineering Company Limited, the market value of the property is assessed by way of investment valuation method on the basis of the existing established use (office) and state of the property.

Under this valuation approach, we have taken into account the direct or similar rental comparables in the locality or nearest to the location of the property as the base of valuation analysis and comparison. The investment valuation method is to, under the instant case, capitalize the value of the streams of net rental income during the term of existing tenancy and upon the reversion with the appropriate market rates of return. The summation of the term value and reversion value is equal to the capital value.

Adjustment has been allowed for the discrepancies between the subject property and the direct or similar rental comparables in respect of various factors including but not limited to location, accessibility, number of floors, view, size, condition, layout, ceiling height, and date of transaction, in order to reduce the comparables to the same basis of the property for direct comparison and analysis.

Since the land of the property is stipulated to be the residential use, the assessment of market value is counter-checked based on the hybrid direct comparison valuation method and depreciated replacement costs for the part of land and for the part of superstructures accordingly.

For the part of the landed asset, direct comparison valuation method is adopted. We have taken into account the direct or similar sales comparables in the locality or nearest to the location of the property as the base of valuation analysis and comparison, with reference to the re-development potential of the property. Adjustment has been allowed for the discrepancies between the subject property and the direct or similar comparables in respect of various factors including but not limited to location, accessibility, view, size, layout, topography, access, and date of transaction, in order to reduce the comparables to the same basis of the property for direct comparison and analysis.

For the part of the existing superstructures, the Depreciated Replacement Cost (DRC) valuation approach is adopted for our valuation. Adjustment is allowed for the value of building construction erected thereon for the factors of economical, functional and physical conditions to the buildings due to the issue of obsoleteness.

The summation of the land value and building value is equal to the capital value. The DRC valuation approach adopts the presumption that the property interests will not be sold at the price less than the total development costs of the buildings per se and this valuation approach is commonly accepted in the professional practice of valuation industry.

General valuation considerations and assumptions

Our valuation have been made on the assumption that the owner sold the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to likely increase the market value of the property.

We have relied to a considerable extent on information provided to us by the Company in such matters as statutory notices, easements, particulars of occupancy, tenure, floor areas and all other relevant matters. In the instant case, we are not provided with extracts from title documents relating to the property. According to our capacity, we have only caused searches to be made at the Land Registry in Hong Kong. However, it is beyond our capability to search the original documents, ascertain the validity of ownership, and/or to verify amendments to the covenants of the first or subsequent Deed for title assignment. The verification of the title is usually the duty of the Company's lawyers. All documents mentioned herewith have been used as reference and all dimensions, measurement and areas are approximate only.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Special valuation assumptions on the structural and physical conditions of the property to be valued

We have inspected the exterior and the internal of the property only. But, we have not inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. This valuation report should not be regarded as having made implied affirmation or representation on the structural conditions of the superstructures erected on the land and physical conditions of the property without having made a complete structural survey. In the course of our inspection, we did not note any serious defects. We are not able to report that the property is free from rot, infestation or any other structural defects, nor have any tests been carried out to any of the services in the property.

The instruction to us did not require a land surveying to verify the legal boundary and the exact location of the property. We are not the profession of land surveying, and therefore, we are not in the position to verify or ascertain the correctness of the representation provided by the client with regard to the legal boundary and location of the property and thus the saleable area of the property. Our valuation has assumed that the lot boundary of the property and the area data were correct and accurate under the incomplete survey of the property.

We have not arranged for any investigation to be carried out to determine whether or not deleterious material has been used in the construction of the property and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that the physical condition of the property is good.

Compliance with mandatory valuation requirements

In valuing the property, we have complied with the requirements of ethics and standards of practice contained in the *HKIS Valuation Standards on Properties (1st ed., 2005)* published by the Hong Kong Institute of Surveyors, the *RICS Appraisal and Valuation Standards (5th ed., May 2003)* published by The Royal Institution of Chartered Surveyors and Chapter 5 of Listing Rules published by The Stock Exchange of Hong Kong Limited.

Disclaimer of the liability to the third party/parties

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and the stated purpose of disclosurable transaction. We understand that the report will not be used for purposes other than the said stated purpose.

No responsibility is accepted to third party/parties for the whole or part(s) of the contents of this report. Disclosure of the report to third party/parties, including the professional advisor(s) assisting the client in respect of that purpose, must require our prior written approval. The Company shall not disclose the report to other third party/parties to whom we are not informed of in writing.

Disclaimer to the liability arising from overriding interests or minor interests or actual occupation of third party/parties in the property

We cannot identify and note the existence of overriding interests, minor interests, or actual occupation of third party/parties in the property. Our valuation has assumed that none of overriding interests or minor interests or third party's actual occupation exists in the property at the date of valuation. We would not take any responsibility for liabilities for the problems arising from the interests of third party/parties in the property.

We have not been advised by the Company that the property is encroached by trespassers, suffers from the adverse possession, and/or is subject to easement, or restrictive leasehold covenants, or any incumbrances affecting the property value. Our valuation has disregarded these negative parameters which can have the effect of downwardly adjusting the market value if they are found eventually.

Declaration of independent status of our chartered valuation surveyor

The valuation has been undertaken by chartered valuation surveyor, acting as an external professional qualified for the current purpose of the valuation. We declare that we do not have present nor prospective interest in the property, nexus with the Company, or, in the market value reported.

Valuation mathematics

The conversion rate of area adopted in this valuation report is per 1.00 sq.m. = 10.7639 sq.ft.

Others

Enclosed is our valuation report.

Yours faithfully,
For and on behalf of
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited,

WONG Yung Shing
LLB(Hons)(London)
B.Sc.(Hons)(Land Adm.)(London)
Prof.Dip.(Est.Mgt.)(HKPU) MRICS
MHKIS MCIArb AHKIArb RPS MHIREA
Managing Director

Lucas Lau
B.Land Econ.
M. Urban Design LLB
LLM (International Business Law)
FRICS MHKIS RPS
Director (Asset Valuation & Real Estate Consultancy)

Mr. Wong Yung Shing is the Registered Chartered Surveyor in Hong Kong. He has been continuously practicing in Hong Kong for 18 years and acquired comprehensive experience of undertaking the valuation of the values of properties in Hong Kong and Southeast Asia countries and 16 years for the properties located in the Mainland China. He has also gained about 11 years of assessing the fair market values of various business and investment projects.

Mr. Lucas Lau is the Registered Chartered Surveyor in Hong Kong. He has been concurrently practicing in Hong Kong for 17 years and has acquired comprehensive experience of assessing the values of properties in Hong Kong and Macau and business assets for initial public offering, sale and purchase of sites and projects appraisals, and consultancy works on sales and letting of properties, strata-title flat acquisition, and KCRC resumption compensation cases.

SUMMARY OF MARKET VALUE

Property interests held by the Company in Hong Kong for investment purpose

Property	Capital Value in Existing State to the Company as at 26th August, 2007 *(HK$)*	Interest Attributable to the Company *(%)*	Capital Value in Existing State Attributable to the Company as at 26th August, 2007 *(HK$)*
The land of a residential site and its superstructure at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong SAR	$115,750,000.00	100%	$115,750,000.00

VALUATION CERTIFICATE

Property interests held by the Company in Hong Kong for investment purpose

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 26th August, 2007
The land of a residential site and its superstructure at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong SAR The Remaining Portion of New Kowloon Inland Lot No. 913 and The Remaining Portion of Section A of New Kowloon Inland Lot No. 914 Property Reference No.: C6025171 (for RP of NKIL No. 913) C5941317 (for RP of s.A of NKIL No. 914)	The property comprises one 2-storeyed Main (Residential) Building completed in 1950's with open spaces in the east portion of the property provided on the Ground Floor. Two 1-storeyed Extension Buildings are erected to the north and south of the Main Buildings. The property has a total survey saleable area of approximately 9,052.66 sq.ft. (841.02 sq.m.). Only 6,810.00 sq.ft. (632.67 sq.m.) is considered under the statutory restriction of maximum plot ratio governed under the current Outline Zoning Plan of Town Planning Board. The subject lot is held under two (2) Government Leases for a term of 75 years from 1st July, 1898 renewed for a further term of 24 years and has been statutorily extended without additional land premium to 30th June 2047 less the last 3 days. The Government Rent is 3% of the rateable value for the time being of the Lot.	The property is currently leased to a related company with ultimate common controlling Shareholder, Able Engineering Company Limited, for office purpose at a monthly rent of HK$300,000.00 per month (exclusive of government rent, rates and utility outlays) for a term of 3 years from 1st March, 2006 to 28th February, 2009.	HK$115,750,000.00 (100 per cent of interest attributable to the Company: HK$115,750,000.00)

Valuation Notes:

1. The subject property is currently held by Frason Holdings Limited vide Memorial No. 051215-0092-0107 dated 30th November, 2005.

2 According to the land search records the following encumbrances are registered against the subject property (for both The Remaining Portion of New Kowloon Inland Lot No. 913 (Property Ref. No. C6025171) and The Remaining Portion of Section A of New Kowloon Inland Lot No. 914 (Property Ref. No. C5941317)):

(a) Mortgage to secure all sum of money including general banking facilities vide Memorial No. 051215-0092-0119 dated 30th November, 2005 in favour of the DBS Bank (Hong Kong) Limited

(b) Second Mortgage to secure all sum of money including general banking facilities vide Memorial No. 051217-0097-0211 dated 30th November, 2005 in favour of the DBS Bank (Hong Kong) Limited

(c) Tenancy Agreement vide Memorial No. 060315-0091-0012 dated 28th February, 2006 in favour of Able Engineering Company Limited a related company with ultimate common controlling Shareholder, at the rent of HK$300,000.00 per month (exclusive of government rent, rates and utility outlays) for a term of 3 years from 1st March, 2006 to 28th February, 2009

(d) Order No. CWP/S2/96634/06/K under s.24(1) of the Buildings Ordinance vide Memorial No. 061228-0156-0014 dated 24th November, 2006

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer, in connection with their valuation as at 26 August 2007 of the Win Extra Property.

Dynasty Premiun
Asset Valuation &
Real Estate Consultancy Limited,
Suite 1901, 19/F,
Nam Wo Hong Building,
148 Wing Lok Street,
Sheung Wan,
Hong Kong

21 September 2007

The Board of Directors
Vantage International (Holdings) Ltd.
No. 155 Waterloo Road
Kowloon Tong
Kowloon

Dear Sirs,

Re: Valuation Report – The land and its superstructure at Nos. 92A-C Pokfulam Road, Pokfulam, Hong Kong (hereinafter referred to be as "*the property*") held by Win Extra Limited (hereinafter referred to be as "*the Company*") for investment purpose

Client's instruction

We refer to the client's instruction to assess the market value of the property on the basis of existing use and state as at the report's date. We confirm that we have external inspection, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing our independent opinion of the market value.

Standard of valuation and definition of Market Value

Our valuation makes use of the definition of the market value as the standard of valuing the market value. According to *The Hong Kong Property Standards (1st ed. 2005)* and *RICS Appraisal and Valuation Standards (5th ed. 2003)* published by the Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors respectively, market value is defined as –

> "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Methodology and approach of valuation

Based on the concept of "willing seller and willing buyer", our valuation of the market value adopts the investment valuation method on the basis of the existing use and state of the property.

Under this valuation approach, we have taken into account the direct or similar rental comparables in the locality or nearest to the location of the property as the base of valuation analysis and comparison. The investment valuation method is to, under the instant case, capitalize the value of the streams of net rental income during the term of existing tenancy and upon the reversion with the appropriate market rate of return. The summation of the term value and reversion value is equal to the capital value.

Adjustment has been allowed for the discrepancies between the subject property and the direct or similar rental comparables in respect of various factors including but not limited to location, accessibility, number of floors, view, size, condition, layout, ceiling height, and date of transaction, in order to reduce the comparables to the same basis of the property for direct comparison and analysis.

The market value of the subject property is assessed based on the use of high-class residential units according to the advice of the Company when the subject property will be renovated and converted into the use of leased residential units.

General valuation considerations and assumptions

Our valuation have been made on the assumption that the owner sold the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to likely increase the market value of the property.

We have relied to a considerable extent on information provided to us by the Company in such matters as statutory notices, easements, particulars of occupancy, tenure, floor areas and all other relevant matters. In the instant case, we are not provided with extracts from title documents relating to the property. According to our capacity, we have only caused searches to be made at the Land Registry in Hong Kong. However, it is beyond our capability to search the original documents, ascertain the validity of ownership, and/or to verify amendments to the covenants of the first or subsequent Deed for title assignment. The verification of the title is usually the duty of the Company's lawyers. All documents mentioned herewith have been used as reference and all dimensions, measurement and areas are approximate only.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Special valuation assumptions on the structural and physical conditions of the property to be valued

We have inspected the exterior of the property only. We have not inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. This valuation report should not be regarded as having made implied affirmation or representation on the structural and physical conditions of the property without having made a complete structural survey. In the course of our inspection, we did not note any serious defects. We are not able to report that the property is free from rot, infestation or any other structural defects, nor have any tests been carried out to any of the services in the property.

The instruction to us did not require a land surveying to verify the legal boundary and the exact location of the property. We are not the profession of land surveying, and therefore, we are not in the position to verify or ascertain the correctness of the representation provided by the Company with regard to the legal boundary and location of the property and thus the saleable area of the property. Our valuation has assumed that the lot boundary of the property and the area data were correct and accurate.

We have not arranged for any investigation to be carried out to determine whether or not deleterious material has been used in the construction of the property and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that the physical condition of the property is good.

Compliance with mandatory valuation requirements

In valuing the property, we have complied with the requirements of ethics and standards of practice contained in the *HKIS Valuation Standards on Properties (1st ed., 2005)* published by the Hong Kong Institute of Surveyors, the *RICS Appraisal and Valuation Standards (5th ed., May 2003)* published by The Royal Institution of Chartered Surveyors and Chapter 5 of Listing Rules published by The Stock Exchange of Hong Kong Limited.

Disclaimer of the liability to the third party/parties

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and the stated purpose of disclosurable transaction. We understand that the report will not be used for purposes other than the said stated purpose.

No responsibility is accepted to third party/parties for the whole or part(s) of the contents of this report. Disclosure of the report to third party/parties, including the professional advisor(s) assisting the client in respect of that purpose, must require our prior written approval. The Company shall not disclose the report to other third party/parties to whom we are not informed of in writing.

Disclaimer to the liability arising from overriding interests or minor interests or actual occupation of third party/parties in the property

We cannot identify and note the existence of overriding interests, minor interests, or actual occupation of third party/parties in the property. Our valuation has assumed that none of overriding interests or minor interests or third party's actual occupation exists in the property at the date of valuation. We would not take any responsibility for liabilities for the problems arising from the interests of third party/parties in the property.

We have not been advised by the Company that the property is encroached by trespassers, suffers from the adverse possession, and/or is subject to easement, or restrictive leasehold covenants, or any incumbrances affecting the property value. Our valuation has disregarded these negative parameters which can have the effect of downwardly adjusting the market value if they are found eventually.

Declaration of independent status of our chartered valuation surveyor

The valuation has been undertaken by chartered valuation surveyor, acting as an external professional qualified for the current purpose of the valuation. We declare that we do not have present nor prospective interest in the property, nexus with the Company, or, in the market value reported.

Valuation mathematics

The conversion rate of area adopted in this valuation report is per 1.00 sq.m. = 10.7639 sq.ft.

Others

Enclosed is our valuation report.

Yours faithfully,
For and on behalf of
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited,

WONG Yung Shing
LLB(Hons)(London)
B.Sc.(Hons)(Land Adm.)(London)
Prof.Dip.(Est.Mgt.)(HKPU) MRICS MHKIS
MCIArb AHKIArb RPS MHIREA
Managing Director

Lucas Lau
B.Land Econ.
M. Urban Design LLB
LLM (International Business Law)
FRICS MHKIS RPS
Director (Asset Valuation & Real Estate Consultancy)

Mr. Wong Yung Shing is the Registered Chartered Surveyor in Hong Kong. He has been continuously practicing in Hong Kong for 18 years and acquired comprehensive experience of undertaking the valuation of the values of properties in Hong Kong and Southeast Asia countries and 16 years for the properties located in the Mainland China. He has also gained about 11 years of assessing the fair market values of various business and investment projects.

Mr. Lucas Lau is the Registered Chartered Surveyor in Hong Kong. He has been concurrently practicing in Hong Kong for 17 years and has acquired comprehensive experience of assessing the values of properties in Hong Kong and Macau and business assets for initial public offering, sale and purchase of sites and projects appraisals, and consultancy works on sales and letting of properties, strata-title flat acquisition, and KCRC resumption compensation cases.

SUMMARY OF MARKET VALUE

Property interests held for investment by the Company in Hong Kong

Property	Capital Value in Existing State to the Company as at 26th August, 2007	Interest Attributable to the Company	Capital Value in Existing State Attributable to the Company as at 26th August, 2007
	(HK$)	*(%)*	*(HK$)*
The land and its superstructure at Nos. 92A-C Pokfulam Road, Pokfulam, Hong Kong	$185,000,000.00	100%	$185,000,000.00

VALUATION CERTIFICATE

Property interests held for investment by the Company in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 26th August, 2007
The land and its superstructure at Nos. 92A-C Pokfulam Road, Pokfulam, Hong Kong Inland Lot No. 7551 Property Reference Nos.: Refer to the Valuation Notes below	The property comprises one 4-storeyed residential building plus 1-storeyed lower ground floor completed in 1970's. According to the registered floor plans, 12 car parking spaces are provided on the Lower Ground Floor and the upper floors are designed for 12 strata-title residential flats. The use of subject property is governed to be the private residential development (excluding the services apartment) under a Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998. Redevelopment of alternative private residential development with higher plot ratio requires the payment of land premium to the Government. The property has a measured saleable floor area of approximately 19,880.77 sq.ft. (1,846.99 sq.m.) excluding the floor area of the car park on the Lower Ground Floor. The subject lot is held under one Government Lease for a term of 75 years commencing from 22nd May, 1959 less the last 3 days. The Government Rent is HK$344.00 per annum.	The property is currently vacant and planned by the Company to be converted into private residential building for leasing to the standard of high-class residential apartments.	HK$185,000,000.00 (100 per cent of interest attributable to the Company: HK$185,000,000.00)

Valuation Notes for the subject property at No. 92A Pokfulam Road

The property is owned by the Win Extra Limited vide Memorial No. 061116-0105-0149 dated 20th October, 2006.

Records of Encumbrances for the subject property at No. 92A Pokfulam Road

Property	Property Reference No.	Share of the Lot	Encumbrances
G/F, 92A Pokfulam Road	A1819341	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750157 dated 5th May, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270440 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0265 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0087 dated 20th October, 2006
1/F, 92A Pokfulam Road	A1819357	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750135 dated 12th March, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270441 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0265 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0087 dated 20th October, 2006
2/F, 92A Pokfulam Road	A1819361	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750137 dated 22th February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270442 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0265 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0087 dated 20th October, 2006

Property	Property Reference No.	Share of the Lot	Encumbrances
3/F, 92A Pokfulam Road	A1819374	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750139 dated 20th April, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270443 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0265 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0087 dated 20th October, 2006

Valuation Notes for the subject property at No. 92B Pokfulam Road

The property is owned by the Win Extra Limited vide Memorial No. 061116-0105-0197 dated 20th October, 2006.

Records of Encumbrances for the subject property at No. 92B Pokfulam Road

Property	Property Reference No.	Share of the Lot	Encumbrances
G/F, 92B Pokfulam Road	A1819380	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750141 dated 22nd February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270444 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0272 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0091 dated 20th October, 2006
1/F, 92B Pokfulam Road	A1819399	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750145 dated 22nd February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270446 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0272 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0091 dated 20th October, 2006

Property	Property Reference No.	Share of the Lot	Encumbrances
2/F, 92B Pokfulam Road	A1819400	1/12	Same as that of 1/F, 92B Pokfulam Road
3/F, 92B Pokfulam Road	A1819411	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750147 dated 22nd February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270447 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0272 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0091 dated 20th October, 2006

Valuation Notes for the subject property at No. 92C Pokfulam Road

The property is owned by the Win Extra Limited vide Memorial No. 061116-0105-0149 dated 20th October, 2006.

Records of Encumbrances for the subject property at No. 92C Pokfulam Road

Property	Property Reference No.	Share of the Lot	Encumbrances
G/F, 92C Pokfulam Road	A1819420	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750149 dated 22nd February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270448 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0284 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0103 dated 20th October, 2006
1/F, 92C Pokfulam Road	B7780388	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750151 dated 8th April, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270449 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0284 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0103 dated 20th October, 2006

Property	Property Reference No.	Share of the Lot	Encumbrances
2/F, 92C Pokfulam Road	A1819433	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750153 dated 3rd March, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270450 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0284 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0103 dated 20th October, 2006
3/F, 92C Pokfulam Road	A1819449	1/12	• Letter of Appointment of Liquidator vide Memorial No. UB7618057 dated 20th August, 1998 • Modification Letter vide Memorial No. UB7618058 dated 19th November, 1998 • Deed of Mutual Covenant vide Memorial No. UB7749315 dated 22nd February, 1999 • Legal Charge vide Memorial No. UB7750155 dated 22nd February, 1999 • Receipt on discharge of Legal Charge vide Memorial No. UB8270451 dated 5th December, 2000 • Mortgage vide Memorial No. 061116-0105-0284 dated 20th October, 2006 • Assignment of Rentals vide Memorial No. 061117-0095-0103 dated 20th October, 2006

The following is the text of a letter, summary of valuations and valuation certificates, prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with their valuation as at 28 August 2007 of the property interests of the Group.

DTZ 戴德梁行

10/F, Jardine House
1 Connaught Place
Central
Hong Kong

21 September, 2007

The Directors
Vantage International (Holdings) Limited
155 Waterloo Road
Kowloon Tong
Kowloon

Dear Sirs,

Re: Portfolio Valuation

We refer to your instructions for us to value the properties held by Vantage International (Holdings) Limited (referred to as the "Company") or its subsidiaries (together referred to as the "Group") in Hong Kong and in the People's Republic of China (the "PRC"). We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 28th August, 2007 (the "date of valuation").

Our valuation of each property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Our valuation is prepared in accordance with the Valuation Standards on Properties of The Hong Kong Institute of Surveyors and in compliance with Chapter 5 of the Listing Rules published by The Stock Exchange of Hong Kong Limited.

In valuing the properties in Groups I, III and IV, we have valued the properties by the direct comparison approach assuming sale of the properties in their existing state with the benefit of vacant possession and by making reference to comparable transactions as available in the relevant market.

In valuing the properties in Group II, we have adopted the direct comparison approach assuming sale of the properties in their existing state by making reference to comparable sales evidence as available in the relevant market or, wherever appropriate, by investment approach of valuation where we capitalized the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

Regarding the property in Group V, we have assigned no value to it for the reason that the real estate title certificate of the property has not been granted yet. However, for the purpose of reference, we have also provided our valuation of the property on good and marketable title basis in the footnote of that valuation certificate. In that case, we have valued it on the basis that transferable land use rights in respect of the property at nominal annual land use fees have been granted and that any premium has already been fully paid and also assumed that the grantee or user of the property has free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted. We have relied on the advice given by the Group regarding the title to and the Group's interest in the property.

The properties in Group VI, which are leased to the Group in Hong Kong, have no commercial value due to prohibition against assignment or lack of substantial profit rent.

In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of buildings, site and floor plans, site and floor areas, number of parking spaces, particulars of occupancy, lettings, rental incomes and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted form the information provided.

In valuing the properties which are held under Government Leases which expired before 30th June, 1997, we have taken into account that under the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance such leases have been extended without premium until 30th June, 2047 and that rents of three per cent. of the rateable value are charged per annum from the date of extension.

We have not been provided with copies of the title documents relating to the properties in Hong Kong and the PRC and have caused searches to be made at the appropriate Land Registries in Hong Kong in respect of Hong Kong properties. However, we have not searched the original documents to ascertain ownership or to verify any lease amendments which may not appear on the copies handed to us. We are also unable to ascertain the Group's title to the properties in the PRC and we have therefore relied on the advice given by the Group regarding the interest of the Group in their properties.

We have inspected the exterior, and wherever possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
(General Practice Division)
China Real Estate Appraiser
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a registered professional surveyor who has 23 years of experience in the valuation of properties in Hong Kong and over 15 years of experience in the valuation of the properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 28th August, 2007 *HK$*
Group I – Property held and occupied by the Group in Hong Kong		
1.	Unit B including carport(s) and the garden, Riverain Bayside, No. 3985 Tai Po Road Yuen Chau Tsai, Tai Po, New Territories	14,200,000
	Sub-total:	14,200,000
Group II – Properties held by the Group for investment in Hong Kong		
2.	Duplex Flat B on 12th and 13th Floors of Block 16 and Car Parking Space No. 36 on Upper Carpark Floor, Villa Rhapsody, Symphony Bay, No. 533 Sai Sha Road, Ma On Shan, Shatin, New Territories	19,500,000
3.	Garden Suite No. 37B of House 37 and Car Parking Space No. 78 on Platform A of Forest Hill, No. 31 Lo Fai Road, Tai Po, New Territories	3,400,000
4.	Car Park Space Nos. 54 and 56 on Ground Floor, Oxford Court, Nos. 24-26 Braemar Hill Road, North Point, Hong Kong	340,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 28th August, 2007 *HK$*
Group II – Properties held by the Group for investment in Hong Kong		
5	Shop Nos. G29A2, G28, G65, G64A and G64B (previously known as Shop No. G64), G27A and G27B (previously known as Shop No. G27), G26A and G26B on Ground Floor of Portion B, Argyle Centre, Phase I, No. 688 Nathan Road, No. 65 Argyle Street, Mongkok, Kowloon	260,000,000
6.	Flat E on 17th Floor, Tower 2, The Greenwood (Phase 1), Laguna Verde, No. 8 Laguna Verde Avenue, Hung Hom, Kowloon	3,800,000
7.	Shops 5 and 6 and Storeroom 3 on 1st Floor, Fou Wah Centre, No. 210 Castle Peak Road, Tsuen Wan, New Territories	125,000,000
	Sub-total:	412,040,000
Group III – Property held by the Group for sale in Hong Kong		
8.	No. 9 Belfran Road, Ho Man Tin, Kowloon	45,000,000
	Sub-total:	45,000,000

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 28th August, 2007 *HK$*
Group IV – Properties held by the Group for development in Hong Kong		
9.	Tai Po Town Lot No. 180, Tai Po Kau, Tai Po, New Territories	17,000,000
10.	Ground, 1st, 2nd, 3rd, 4th and 5th Floors and the roof of Nos. 123-125 Tung Choi Street, 1st Floor and portion of landing on Ground Floor, 2nd, 3rd, 4th and 5th Floors of No. 127 Tung Choi Street, Mongkok, Kowloon	115,500,000
	Sub-total:	132,500,000
Group V – Property held by the Group for investment in the PRC		
11.	Block M-K39, Sunshine Holiday Villas, Yingchengzi Village, Badaling Town, Yanqing County, Beijing	No commercial value
	Sub-total:	No commercial value
Group VI – Properties leased to the Group in Hong Kong		
12.	Unit 905-906 on 9th Floor, Conic Investment Building, No. 13 Hok Yuen Street, Hung Hom, Kowloon	No commercial value

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 28th August, 2007 *HK$*
	Group VI – Properties leased to the Group in Hong Kong	
13.	5th and 6th Floors, Nan Dao Commercial Building, Nos. 359 and 361 Queen's Road Central, Sheung Wan, Hong Kong	No commercial value
14.	10th Floor, Lee Fund Centre, No. 31 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong	No commercial value
	Sub-total:	No commercial value
	Grand Total:	603,740,000

VALUATION CERTIFICATE

Group I – Property held and occupied by the Group in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
1.	Unit B including carport(s) and the garden, Riverain Bayside, No. 3985 Tai Po Road Yuen Chau Tsai, Tai Po, New Territories 12/103rd shares of and in Tai Po Town Lot No. 143	The property comprises one of the eight 3-storey semi-detached garden houses with car parking spaces provided within a development completed in 1996. The property has a gross floor area of approximately 328.50 sq.m. (3,536 sq.ft.). The property is held under New Grant No. 12796 from 18th January, 1994 to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was owner-occupied for director's quarter.	HK$14,200,000

Notes:

(1) The registered owner of the property is Gold Vantage Limited.

(2) The property is subject to a mortgage in favour of DBS Bank (Hong Kong) Limited for all moneys vide Memorial No. TP722132 dated 13th April, 2004.

(3) The property is subject to a Deed of Rectification vide Memorial No. 05092800260045 dated 21st September, 2005.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
2.	Duplex Flat B on 12th and 13th Floors of Block 16 and Car Parking Space No. 36 on Upper Carpark Floor, Villa Rhapsody, Symphony Bay, No. 533 Sai Sha Road, Ma On Shan, Shatin, New Territories 524/268352nd shares of and in Tai Po Town Lot No. 145	The property comprises a duplex domestic unit on the 12th and 13th floors and a car parking space on the upper carpark floor of a 13-storey residential block erected upon a 2-level carpark basement. The development was completed in 1998. The property has a gross floor area and a saleable area of approximately 253.07 sq.m. (2,724 sq.ft.) and 205.96 sq.m. (2,217 sq.ft.) respectively, excluding the car parking space. The property is held from the Government for a term from 25th June, 1996 to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was vacant.	HK$19,500,000

Notes:

(1) The registered owner of the property is Gold Vantage Limited.

(2) The property is subject to a mortgage in favour of Nanyang Commercial Bank Limited vide Memorial No. 06033100770068 dated 22nd March, 2006.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
3.	Garden Suite No. 37B of House 37 and Car Parking Space No. 78 on Platform A of Forest Hill, No. 31 Lo Fai Road, Tai Po, New Territories 154/100000th and 1/328th shares of and in 5608/100000th shares of and in Tai Po Town Lot No. 115	The property comprises a domestic unit on the ground floor of a 5-storey residential block and a car parking space of a private residential development completed in 1996. The property has a gross floor area and a saleable area of approximately 88.44 sq.m. (952 sq.ft.) and 71.16 sq.m. (766 sq.ft.) respectively, excluding the car parking space. The property also has a yard area of approximately 21.37 sq.m. (230 sq.ft.). The property is held from the Government for a term from 28th April, 1992 to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was vacant.	HK$3,400,000

Notes:

(1) The registered owner of the property is Gold Vantage Limited.

(2) The property is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. TP636157 dated 16th June, 2000.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
4.	Car Park Space Nos. 54 and 56 on Ground Floor, Oxford Court, Nos. 24-26 Braemar Hill Road, North Point, Hong Kong 2/1216th shares of and in Inland Lot No. 8356	The property comprises two car park spaces on the ground floor of a 2-level (including basement) car park podium upon which 2 residential blocks are erected. The development was completed in 1977. The property is held from the Government for a term of 75 years from 18th January, 1974 renewable for a further term of 75 years. The current Government rent payable for Inland Lot No. 8356 is HK$1,000 per annum.	As at the date of valuation, the property was vacant.	HK$340,000

Notes: The registered owner of the property is Excel Engineering Company Limited.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
5.	Shop Nos. G29A2, G28, G65, G64A and G64B (previously known as Shop No. G64), G27A and G27B (previously known as Shop No. G27), G26A and G26B on Ground Floor of Portion B, Argyle Centre, Phase I, No. 688 Nathan Road, No. 65 Argyle Street, Mongkok, Kowloon 390/8800th shares of and in Section A, Section B and Section H of Kowloon Inland Lot No. 1262	The property comprises various shop units on ground floor of a 21-storey commercial tower with its basement, ground to 3rd floors devoted to retail purposes whilst the upper floors accommodate office units. The commercial building was completed in 1982. The property has a total gross floor area of approximately 420.01 sq.m. (4,521 sq.ft.). The property is held from the Government for a term of 75 years from 18th February, 1910 renewed for a further term of 75 years. The total current Government rent payable for Shop Nos. G29A, G28A, G65, G64, G27, G26A and G26B is HK$66,690 per annum.	As informed by your group, except portions of the property with a total gross floor area of approximately 312.15 sq.m. (3,360 sq.ft.) were vacant as at the date of valuation, the property was let to various tenants for retail uses for various terms with the latest tenancy due to expire on 31st July, 2009 at a total monthly rent of HK$247,098, some of which are exclusive of rates and management fees.	HK$260,000,000

Notes:

(1) The registered owner of the property is Great Business Limited.

(2) All units are subject to a mortgage in favour of DBS Bank (Hong Kong) Limited vide Memorial No. UB9463026 dated 13th January, 2005.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
6.	Flat E on 17th Floor, Tower 2, The Greenwood (Phase 1), Laguna Verde, No. 8 Laguna Verde Avenue, Hung Hom, Kowloon 52/534325th shares of and in Kowloon Inland Lot No. 11056	The property comprises a residential unit on the 17th floor of a 19-storey residential tower within a development comprising 25 residential towers. The subject tower was completed in 1998. Clubhouse, swimming pools, squash courts, tennis courts, landscaped garden, children's playground and car parking facilities are provided within the development. The property has a gross floor area of approximately 65.03 sq.m. (700 sq.ft.) and a saleable area of approximately 52.12 sq.m. (561 sq.ft.). The property is held from the Government under Conditions of Exchange No. UB12345 from 4th April, 1995 to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was let for residential use for a term of 2 years from 1st January, 2006 to 31st December, 2007 at a monthly rent of HK$13,000, exclusive of rates and management fees.	HK$3,800,000

Notes:

(1) The registered owner of the property is Win Glories Limited.

(2) The property is subject to a Mortgage in favour of Bank of Communications Co., Ltd. for all moneys vide Memorial No. 06021600620152 dated 8th February, 2006.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
7.	Shops 5 and 6 and Storeroom 3 on 1st Floor, Fou Wah Centre, No. 210 Castle Peak Road, Tsuen Wan, New Territories 304/9700th shares of and in Tsuen Wan Town Lot No. 233	The property comprises 2 shops and a storeroom on the 1st floor of a 23-storey composite building completed in 1978. Ground to 3rd floors are devoted to general retail/office purpose whilst the upper floors accommodate domestic units. The property has a total saleable area of approximately 363.43 sq.m. (3,912 sq.ft.). The property is held from the Government under New Grant No. 5277 for a term of 99 years from 1st July, 1898. The term has been statutorily extended until 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was leased mainly for retail uses for a term due to expire on 16th December, 2008 at a monthly rent of HK$412,500, exclusive of rates and management fees.	HK$125,000,000

Notes:

(1) The registered owner of the property is Hobol Limited.

(2) The property is subject to a Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 05062902290378 dated 31st May, 2005.

(3) The property is subject to a Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 05062902290380 dated 31st May, 2005.

VALUATION CERTIFICATE

Group III – Property held by the Group for sale in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
8.	No. 9 Belfran Road, Ho Man Tin, Kowloon Section C of Kowloon Inland Lot No. 3281	The property comprises a site with a site area of approximately 368.28 sq.m. (3,964.2 sq.ft.). The property is held from the Government for a term of 75 years from 3rd December, 1928 renewed for a further term of 75 years. The current Government rent payable for the lot is HK$16,200 per annum.	As at the date of valuation, the property was a vacant site.	HK$45,000,000

Notes:

(1) The registered owner of the property is Covalla Limited.

(2) The property is subject to a Mortgage in favour of Dah Sing Bank Limited for all moneys vide Memorial No. UB9271222 dated 25th June, 2004.

(3) The property falls on Ho Man Tin Outline Zoning Plan No. S/K7/18 and is zoned for Residential (Group B) purpose. According to the statutory notes attached to the said plan, any development and/or redevelopment shall not exceed a maximum of plot ratio of 5 or the plot ratio of the existing building whichever is the greater.

(4) According to the Government Lease, the land of the property is restricted to development of detached or semi-detached houses of a European Type with a height of not exceeding 35 feet.

VALUATION CERTIFICATE

Group IV – Properties held by the Group for development in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
9.	Tai Po Town Lot No. 180, Tai Po Kau, Tai Po, New Territories Tai Po Town Lot No. 180	The property comprises a site with a site area of approximately 1,000 sq.m. (10,764 sq.ft.). The property is held from the Government under New Grant No. 14027 for a term of 50 years from 27th January, 2004. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, the property was a vacant site.	HK$17,000,000

Notes:

(1) The registered owner of the property is Comfort Home Properties Limited.

(2) The property falls on Tai Po Outline Zoning Plan No. S/TP/19 and is zoned for "Green Belt" purpose.

(3) According to the Government Lease, the land of the property is restricted for private residential purposes and be developed as a single family residence with not more than 2 storeys. The total gross floor area of any building or buildings erected or to be erected on the lot shall not be less than 240 sq.m. and shall not exceed 400 sq.m. The total site coverage of any building or buildings erected or to be erected on the lot shall not exceed 20% of the area of the lot.

(4) The Town Planning Board (TPB) has approved a proposed residential development of a 2-storey house with a total gross floor area of 400 sq.m. Four car parking spaces will also be provided within the subject lot. The approval is valid until 28th April, 2010.

VALUATION CERTIFICATE

Group IV – Properties held by the Group for development in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
10.	Ground, 1st, 2nd, 3rd, 4th and 5th Floors and the roof of Nos. 123-125 Tung Choi Street, 1st Floor and portion of landing on Ground Floor, 2nd, 3rd, 4th and 5th Floors of No. 127 Tung Choi Street, Mongkok, Kowloon The Remaining Portion of Kowloon Inland Lot Nos. 1702 and 1703 and 5/6th shares of and in the Remaining Portion of Kowloon Inland Lot No. 1704	Nos. 123-127 Tung Choi Street consist of two 6-storey tenement buildings both completed in 1960. The property comprises the whole of Nos. 123-125 Tung Choi Street and portion of No. 127 Tung Choi Street. The saleable areas of the property are as follows: (see table below) The property is held from the Government for terms of 75 years from 8th January, 1924 renewed for further terms of 75 years. The total current Government rent payable for the lots is HK$186,300 per annum.	As at the date of valuation, except portion of the ground floor of Nos. 123-125 Tung Choi Street which was let for retail uses for various terms with the latest tenancy due to expire on 5th July, 2008 at a total monthly rent of HK$280,000, some of which are exclusive of rates and management fees, the remainder of the property was vacant.	HK$115,500,000

	Saleable Area sq.m.	sq.ft.
No. 123 Tung Choi Street		
G/F	64.94	699
1/F	89.28	961
2/F	89.28	961
3/F	89.28	961
4/F	89.28	961
5/F	89.28	961
No. 125 Tung Choi Street		
G/F	68.47	737
1/F	60.11	647
2/F	60.11	647
3/F	60.11	647
4/F	60.11	647
5/F	60.11	647
No. 127 Tung Choi Street		
1/F	59.92	645
2/F	59.92	645
3/F	59.92	645
4/F	59.92	645
5/F	59.92	645
Total:	**1,179.95**	**12,701**

Notes:

(1) The registered owner of the property is Good Trader Limited.

(2) The property is subject to a Building Order No. D10072/K/02/MS/TF under Section 26 of the Buildings Ordinance issued by the Building Authority (Re: exterior and common areas of the building) vide Memorial No. UB9330667 dated 13th August, 2004. For the purpose of our valuation, we have assumed that the Order has been complied with and no allowance for any reinstatement cost has been made. (Re: Ground to 5th floors and the roof of No. 123 Tung Choi Street).

(3) The property is subject to a Building Order No. D10073/K/02/MS/TF under Section 26 of the Buildings Ordinance issued by the Building Authority (Re: exterior and common areas of the building) vide Memorial No. UB9330668 dated 13th August, 2004. For the purpose of our valuation, we have assumed that the Order has been complied with and no allowance for any reinstatement cost has been made. (Re: Ground to 5th floors and the roof of No. 125 Tung Choi Street).

(4) The property is subject to a Building Order No. D10074/K/02/MS/TF under Section 26 of the Buildings Ordinance issued by the Building Authority (Re: exterior and common areas of the building) vide Memorial No. UB9330669 dated 13th August, 2004. For the purpose of our valuation, we have assumed that the Order has been complied with and no allowance for any reinstatement cost has been made. (Re: 1st to 5th floors of No. 127 Tung Choi Street).

(5) The property is subject to a Mortgage in favour of Shanghai Commercial Bank Limited vide Memorial No. 05042702260203 dated 11th April, 2005.

(6) The property is subject to various Notices by Commissioner of Police under Section 145A(1) of Crimes Ordinance (Chapter 200) and various Notices by the Magistrate under Section 145A(2) of Crimes Ordinance (Chapter 200) (Re: 1st & 2nd floors of No. 123 Tung Choi Street, 1st to 3rd floors of Nos. 125 & 127 Tung Choi Street).

(7) The property is subject to a Sealed Copy of Notice of Application to Lands Tribunal for an Order for Sale under Land (Compulsory Sale for Redevelopment) Ordinance Land Compulsory Sale Main Application No. LDCS 1000/2006 in connection with Good Trader Limited (Applicant) and Hinking Investments Limited (Respondent) vide Memorial No. 06011700870018 dated 12th January, 2006 (Re: Ground to 5th floors and the roof of No. 125 Tung Choi Street, 1st to 5th floors of No. 127 Tung Choi Street).

VALUATION CERTIFICATE

Group V – Property held by the Group for investment in the PRC

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 28th August, 2007
11.	Block M-K39, Sunshine Holiday Villas, Yingchengzi Village, Badaling Town, Yanqing County, Beijing	The property comprises a block of 3-storey residential building completed in 2006. The property has a total gross floor area of approximately 300 sq.m. (3,229 sq.ft.) for residential use. According to the Commodity Housing Sale and Purchase Agreement provided by the Group, the land use rights of the property have been granted for a term of 70 years from 7th December, 1999 to 7 December 2069 for residential use.	As at the date of valuation, the property was vacant.	No commercial value

Notes:

(1) According to the Commodity Housing Sale and Purchase Agreement entered into between Beijing Guangxia Read Estate Development Co. Ltd. (北京市廣夏房地產開發公司) (the "Vendor") and Gold Vantage Limited (銳星有限公司) (the "Purchaser") on 5th November, 2003, the Purchaser agreed to purchase the property, comprising a total gross floor area of approximately 300 sq.m., from the Vendor at a total consideration of RMB1,146,000. The Vendor has obtained the land use rights of the property for a term of 70 years from 7th December, 1999 to 7th December, 2069 for residential use.

(2) Real Estate Title Certificate of the property has not been obtained and we have therefore assigned no commercial value to the property. On the assumption that the relevant title certificates have been obtained, the capital value of the property in existing state at 28th August, 2007 was RMB2,000,000. This valuation of the property is based on the following assumptions:–

(i) Gold Vantage Limited (銳星有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;

(ii) all consideration have been fully settled;

(iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

(iv) the property may be freely disposed of to other parties.

(3) As advised by the Group, the Group is not required to pay any Ground/Government Rent.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:–

Real Estate Title Certificate	No
Commodity Housing Sale and Purchase Agreement	Yes

VALUATION CERTIFICATE

Group VI – Properties leased to the Group in Hong Kong

	Property	Description and Tenure	Capital Value in Existing State as at 28th August, 2007
12.	Unit 905-906 on 9th Floor, Conic Investment Building, No. 13 Hok Yuen Street, Hung Hom, Kowloon	The property comprises two units on the 9th floor of a 13-storey plus 2 levels of basement industrial building completed in 1982. The property has a saleable area of approximately 454.29 sq.m. (4,890 sq.ft.) and is occupied by the Group as ancillary office. The property is let for a term of 3 years from 7th October, 2006 to 6th October, 2009. The current monthly rent is HK$42,427. From 7th October, 2007 to 6th October, 2008, the monthly rent will be HK$46,064, whilst from 7th October, 2008 to 6th October, 2009, the monthly rent will be HK$48,488. All the above rents are exclusive of rates, government rent and management fees. According to the information provided by the Group, the total Government Rent payable by the Group for the period 1st January 2007 to 30th September 2007 is HK$1,527.	No commercial value
13.	5th and 6th Floors, Nan Dao Commercial Building, Nos. 359 and 361 Queen's Road Central, Sheung Wan, Hong Kong	The property comprises the whole of 5th and 6th floors of a 22-storey commercial building completed in 1985. The property has a saleable area of approximately 499.81 sq.m. (5,380 sq.ft.) and is occupied by the Group as office. The property is let for a term of 2 years from 1st November, 2006 to 31st October, 2008 at a rent of HK$72,450 per month, exclusive of rates, government rent, management fees and other outgoings. According to the information provided by the Group, the Group is not responsible for any separate charge of Government Rent.	No commercial value
14.	10th Floor, Lee Fund Centre, No. 31 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong	The property comprises the whole of the 10th floor of a 23-storey factory building completed in 1991. The property has a saleable area of approximately 304.53 sq.m. (3,278 sq.ft.) and is occupied by the Group as ancillary office. The property is let for a term of 3 years from 16th September, 2006 to 15th September, 2009 at a rent of HK$22,676.5 per monthly, inclusive of rates, government rent, management fees and operating charges. The tenant has the option to renew for a further term of 2 years commencing from 16th September, 2009 at the then market rent. According to the information provided by the Group, the Group is not responsible for any separate charge of Government Rent.	No commercial value

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Acquisition and the Placing were as follows:

Authorised:		*HK$*
4,000,000,000	Shares of HK$0.025 each	100,000,000
Issued and to be issued:		
944,898,000	Shares in issue as the date hereof	23,622,450
347,826,000	Consideration Shares to be allotted and issued under the Acquisition	8,695,650
188,952,000	Placing Shares to be allotted and issued under the Placing	4,723,800
1,481,676,000	Shares in issue immediately after completion of the Acquisition and the Placing	37,041,900

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO were as follows:

(i) Long positions in the Shares:

Name of Director	*Notes*	**Capacity**	**Number of Shares held**	**Percentage of the issued share capital of the Company**
Ngai Chun Hung	(1)	As founder and beneficiary of a discretionary trust	490,934,400	51.96%
	(2)	Corporate	130,435,000	13.80%
	(3)	Personal	222,797,000	23.58%
			844,166,400	89.34%
Yau Kwok Fai	(4)	Corporate	30,888,000	3.27%
Li Chi Pong		Personal	7,347,200	0.78%

Notes:

1 These Shares are legally and beneficially owned by Winhale Ltd., which is ultimately and beneficially owned by Xyston Trust. Xyston Trust is a discretionary family trust set up by Mr. Ngai for the benefits of Mr. Ngai and his family.

2 These Shares are to be issued to Winflower International Holdings Limited, a company wholly owned by Mr. Ngai, as part of the consideration for the Acquisition upon Completion.

3 These Shares comprise 5,406,000 Shares currently held by Mr. Ngai and 217,391,000 Shares to be issued to Mr. Ngai as part of the consideration for the Acquisition upon Completion.

4 These Shares are legally and beneficially owned by Business Success Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yau Kwok Fai.

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the previous minimum company membership requirement of the Hong Kong Companies Ordinance. Certain Directors also have beneficial interests in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

(ii) Long position in underlying shares of the Company

As at the Latest Practicable Date, details of outstanding options to subscribe for the Shares granted by the Company to the Directors on 31 August 2007 were as follows:

Name of Director	Exercisable period (both dates inclusive)	Exercise price per Share *(HK$)*	Number of Shares to be allotted and issued upon full exercise of the options
Ngai Chun Hung	3 September 2007 to 2 September 2012	0.400	844,800
Yau Kwok Fai	3 September 2007 to 2 September 2012	0.400	8,448,000
Li Chi Pong	3 September 2007 to 2 September 2012	0.400	8,448,000
Shek Yu Ming Joseph	3 September 2007 to 2 September 2012	0.400	8,448,000
Ko Jan Ming	3 September 2007 to 2 September 2012	0.400	844,800
Ip Kwok Him	3 September 2007 to 2 September 2012	0.400	844,800
Fung Pui Cheung Eugene	3 September 2007 to 2 September 2012	0.400	844,800
		Total	28,723,200

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in the Shares:

Name	***Notes***	**Capacity and nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding**
Winhale Ltd.	(a)	Directly beneficially owned	490,934,400	51.96%
Braveway Limitd	(b)	As a trustee	490,934,400	51.96%
HSBC International Trustee Limited	(c)	As a trustee	490,934,400	51.96%
Winflower International Holdings Limited	(d)	Directly beneficially owned	130,435,000	13.80%
Honeylink Agents Limited	(e)	Through controlled corporation	188,952,000	20.00%
Get Nice Holdings Limited	(e)	Through controlled corporation	188,952,000	20.00%
Get Nice Incorporated	(e)	Through controlled corporation	188,952,000	20.00%
Get Nice Investment Limited	(e)	Directly beneficially owned	188,952,000	20.00%

Notes:

(a) The above interest in the name of Winhale Limited was also disclosed as interest of Ngai Chun Hung under the heading "Interests of directors and chief executives" above. In addition, these shares are ultimately beneficially owned by Xyston Trust.

(b) Winhale is wholly-owned by the Braveway Unit Trust. Braveway Limited being the trustee of the Braveway Unit Trust is deemed to be interested in the 490,934,400 shares in the Company held by Winhale.

(c) HSBC International Trustee Limited being the trustee of Xyston Trust is deemed to be interested in the 490,934,400 shares in the Company held by Xyston Trust.

(d) The above interest in the name of Winflower International Holdings Limited was also disclosed as interest of Ngai Chun Hung under the heading "Interests of directors and chief executives" above.

(e) These are the Placing Shares which Get Nice Investment Limited has underwritten in respect of the Placing. Get Nice Investment Limited is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited. As at the Latest Practicable Date, Get Nice Holdings Limited is owned as to approximately 27.27% by Honeylink Agents Limited in which Mr. Hung Hon Man is the beneficial owner.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

(c) Directors' interests in competing business

As at the Latest Practicable Date, Mr. Ngai and his associates were interested in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules:

Name of company	Nature of interest	Competing business
Winflower Investment Limited	Director and substantial shareholder	Property investment
Win Source Investment Limited	Director and substantial shareholder	Property investment
Key Fund Limited	Director and substantial shareholder	Property investment
Key Fame Limited	Director and substantial shareholder	Property investment
Frason Holdings Limited	Director and substantial shareholder	Property investment
Win Extra Limited	Director and substantial shareholder	Property investment

The power to make material business decisions for the Group is vested in the Board. Whenever the Board considers that there may be a conflict of interest between the Group and any Director, such Director (including Mr. Ngai, who is the Chairman of the Board and a substantial shareholder of the Company) will be required to abstain from voting. Therefore, the Board is capable of carrying on the Group's business independently of, and at arm's length from, the business of Mr. Ngai.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group.

(d) Directors' interests in contracts

On 28 February 2006, the Group entered into a tenancy agreement with Frason for the lease of office premises for a three-year term from 1 March 2006 to 28 February 2009 at a monthly rental of HK$300,000 and with a two-month rent free period from 1 March 2006 to 30 April 2006. Frason is beneficially wholly owned by Mr. Ngai. The terms of the tenancy agreement were determined based on arm's length negotiations between the Group and Frason with reference to prevailing market conditions.

Save as disclosed above, no Director is materially interested in any contract or arrangement which is subsisting at the Latest Practicable Date and is significant in relation to the business of the Group.

(e) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any interests, directly or indirectly, in any assets which had been since 31 March 2007, being the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. EXPERTS

The following is the qualification of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Menlo Capital Limited	a licensed corporation under the SFO
Ernst & Young	Certified Public Accountants
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited	Professional property surveyor
DTZ Debenham Tie Leung Limited	Professional property surveyor

As at the Latest Practicable Date, none of the above experts had direct or indirect shareholdings in any member of the Company, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Company, or any interests, directly or indirectly, in any assets which had been since 31 March 2007, being the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Company.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports and references to its name in the form and context in which they appear.

5. SERVICE CONTRACTS

Each of Mr. Ngai Chun Hung and Mr. Yau Kwok Fai entered into a service contract with the Company for an initial period of three years commencing from 1 September 2000, and such contracts continue thereafter until terminated by either party by giving a six-month written notice.

Mr. Li Chi Pong has entered into a service contract with the Group that commenced from 17 May 2004 and such contract continues without a fixed period until terminated by either party by giving a six-month written notice.

As at the Latest Practicable Date, save for contracts to expire or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation), none of the Directors had any existing or proposed service contracts with the Company.

6. LITIGATION

As at the Latest Practicable Date, the Group had the following outstanding litigation:

i. four District Court actions and one High Court action were commenced by employees of Group against the Group, and ten District Court actions and three High Court actions were brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employee's Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents occurred in the course of their employment.

ii. five District Court actions were commenced by employees of the Group against the Group and one District Court action was brought by the employees of the Group's subcontractors against the Group and other respondents in respect of the claims for employees' compensation under the Employees' Compensation Ordinance and the common law for personal injuries sustained by the employees in the accidents arising out of and in the course of their employment.

No settlement has been reached for the above actions mentioned in (i) and (ii) above up to the Latest Practicable Date and no judgment has been made against the Group in respect of the claims. The Directors are of the opinion that the claims mentioned in (i) and (ii) above will be covered by insurance and would not have material adverse impact to the income statement of the Group.

7. MATERIAL CONTRACTS

The following are the material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within two years immediately preceding the Latest Practicable Date:

(a) the agreement dated 13 October 2006 between Jeva Limited, a wholly owned subsidiary of the Company, and Pythagoras Property Limited in relation to a discloseable transaction for the Group's disposal of the property at Flat 1, 78 Cadogan Square, London SW1X OEA, United Kingdom for a consideration of GBP1,525,000 (approximately HK$22,113,000);

(b) the agreement dated 28 October 2006 (the "Cooperation Agreement") between China Radio and TV International Techno- Economic Cooperation Co. (中國廣播電視國際經濟技術合作總公司) ("China Radio & TV") and Hanforth Limited ("Hanforth"), a wholly-owned subsidiary of the Company, in relation to the Company's discloseable transaction for the redevelopment project of the property at No. 1 Guangqu Road, Chaoyang District, Beijing, People's Republic of China whereby the Group is responsible for the total construction costs of RMB18,120,000 (approximately HK$17,943,000);

(c) the agreement dated 6 February 2007 between Talent View Limited and Excelskill Limited, a wholly-owned subsidiary of the Company, in relation to a major transaction for the Group's disposal of the property at No. 36 Jardine's Bazaar, Causeway Bay, Hokng Kong for a consideration of HK$113,000,000;

(d) the agreement dated 17 May 2007 between China Radio & TV and Hanforth for the termination of the Cooperation Agreement;

(e) the Sale and Purchase Agreement; and

(f) the placing agreement dated 28 August 2007 between the Company and Get Nice Investment Limited, as the placing agent, in relation to the Placing.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong.

(c) The company secretary and the qualified accountant of the Company is Ms. Pang Fung Ming. She is a fellow of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants of the U.K. She holds a bachelor degree in business administration from the Chinese University of Hong Kong.

(d) The English text of this circular shall prevail over their Chinese text in case of inconsistencies.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong from the date of this circular up to and including 9 October 2007:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the year ended 31 March 2006 and 31 March 2007;

(c) the circular of the Company dated 15 November 2006 relating to the disposal of property which constituted a discloseable transaction;

(d) the circular of the Company dated 17 November 2006 relating to the cooperation agreement with China Radio and TV International Techno-Economic Cooperation Co. which constituted a discloseable transaction;

(e) the circular of the Company dated 21 March 2007 relating to the disposal of property which constituted a major transaction;

(f) the letter of advice from Menlo, the text of which is set out on pages 19 to 34 of this circular;

(g) the accountants' reports on Frason and Winner City prepared by Ernst & Young set out in Appendix II and III respectively to this circular;

(h) the report on the unaudited pro forma financial information of the Enlarged Group issued by Ernst & Young set out in appendix IV to this circular;

(i) the property valuation reports prepared by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited set out in Appendix V and VI respectively to this circular;

(j) the property valuation reports prepared by DTZ Debenham Tie Leung Limited set out in Appendix VII to this circular;

(k) the service contracts disclosed in the paragraph under the heading "Service Contracts" in this Appendix;

(l) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix;

(m) the Sale and Purchase Agreement; and

(n) the written consents referred to in the paragraph under the heading "Experts" in this Appendix.

盈信 VANTAGE

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
盈信控股有限公司

(incorporated in Bermuda with limited liability)
(Stock Code: 15)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Vantage International (Holdings) Limited (the "**Company**") to be held at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong at 12:00 noon on Tuesday, 9 October 2007 for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

   the conditional sale and purchase agreement (the "**Agreement**") dated 28 August 2007 (a copy of which marked "A" has been produced in the Meeting and initialled by the Chairman for the purpose of identification) entered into between Profit Chain Investments Limited (the "**Purchaser**"), Winflower International Holdings Limited and Mr. Ngai Chun Hung ("**Mr. Ngai**") (collectively the "**Vendors**") whereby the Vendors have agreed to sell and the Purchaser has agreed to purchase (i) the entire issued share capital of Frason Holdings Limited ("**Frason**"); (ii) the entire issued share capital of Winner City Investment Limited, (iii) the interest bearing loan due and owing by Win Extra Limited to Mr. Ngai, and (iv) the interest bearing loan due and owing by Frason to Mr. Ngai at an aggregate consideration of approximately HK$150 million (the "**Consideration**") be and is hereby approved, ratified and confirmed in all respects and that all transactions contemplated under the Agreement be hereby approved and that any one director of the Company be and hereby authorized to do or execute all such acts or such other acts or such documents which the director of the Company may deem to be necessary, desirable or expedient to carry into effect or to give effect to the Agreement including but not limited to the allotment and issue of an aggregate of 347,826,000 shares (each, a "**Consideration Share**") of HK$0.025 each in the share capital of the Company credited as fully paid at an issue price of HK$0.23 per Consideration Share to the Vendors (or their nominee(s)) upon completion of the Agreement in partial settlement of the Consideration"

2. "**THAT**:

   (a) the general mandate to allot, issue or otherwise deal with the Shares (as defined in sub-paragraph (e) below of this resolution numbered (2)) given to the directors of the Company (the "**Directors**") at the annual general meeting of the Company held on 24 August 2007 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution numbered (2) and, for the avoidance of doubt, including the mandate utilized or to be utilized for the allotment and issue of Shares under the terms of the placing agreement dated 28 August 2007 entered into between the Company and Get Nice Investment Limited, as the placing agent, in respect of the placing of 188,952,000 new Shares);

(b) subject to sub-paragraph (d) below of this resolution numbered (2), pursuant to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (e) below of this resolution numbered (2)) of all the powers of the Company to allot, issue and deal with additional Shares, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) to subscribe for Shares, which would or might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

(c) the approval in sub-paragraph (b) above of this resolution numbered (2) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;

(d) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in sub-paragraph (b) above of this resolution numbered (2), otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted by the Company; or

(iii) any issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association ("**Articles of Association**") of the Company and other relevant regulations; or

(iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares;

shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution numbered (2); and (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of the resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution numbered (2))

and the authority pursuant to sub-paragraph (a) above of this resolution above shall be limited accordingly; and

(e) for the purpose of this resolution:

"**Shares**" means shares of HK$0.025 each in the share capital of the Company or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

"**Relevant Period**" means the period from the date of passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any other applicable law of Bermuda to be held; or

(iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting;

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

3. “**THAT**:

conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) (representing a maximum of 10 per cent. of the number of Shares in issue as at the date of passing this resolution) which may fall to be issued by the Company pursuant to the exercise of options granted under the share option scheme as approved by the shareholders of the Company on 5 August 2002 (the “**Share Option Scheme**”):

(a) approval be and is hereby granted for refreshing the 10 per cent. mandate limit under the Share Option Scheme (“the **Refreshed Scheme Limit**”) pursuant to the rules of the Share Option Scheme such that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company under the Refreshed Scheme Limit shall not exceed 10 per cent. of the Shares in issue on the date of passing of this resolution, provided that for the purpose of calculating whether the Refreshed Scheme Limit is exceeded, all Shares which are subject to or had been subject to the options granted under the Share Option Scheme and any other share option scheme(s) of the Company prior to the passing of this resolution (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme(s) of the Company) shall not be taken into account, and the directors of the Company (the “**Directors**”) or duly authorised committee thereof be and they are hereby authorised to grant options and to allot, issue and deal with unissued Shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme limit in accordance with the rules of the Share Option Scheme;

(b) the authority granted to the Directors pursuant to paragraph (a) above shall be specific authorisation by shareholders of the Company in addition to, and without prejudice to, the authority granted to the Directors by way of general mandate pursuant to resolution numbered (2) set out in the notice convening this meeting of which this resolution forms part, which shall remain in full force and effect until its expiry as stated therein; and

(c) the authority previously granted to the Directors to grant options and to allot and issue Shares in accordance with the rules of the Share Option Scheme, to the extent not exercised prior to this resolution being passed and becoming unconditional, be revoked without prejudice to any previous valid exercise of such authority.”

By order of the Board
Vantage International (Holdings) Limited
Li Chi Pong
Executive Director

Hong Kong, 21 September 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
No. 155 Waterloo Road
Kowloon Tong
Kowloon
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member form attending in person and voting at the above Meeting or any adjournment thereof, should he so wish.

3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.