

The Board of Directors (the “Board”) of Wing Hing International (Holdings) Limited (the “Company”) considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the year ended 31 March 2006, except for the deviation from provision A.2.1 of the Code in respect of the roles of chairman and chief executive officer of the Company. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company’s affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company.

To maximise the effectiveness of the Board, the Company has established audit committee, nomination committee and remuneration committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees are reviewed and amended (if necessary) from time to time to enhance the corporate governance practices of the Company.

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company’s compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

Minutes of the board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board/committee meeting and the interested shareholder or director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a board meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities (the "Written Guideline") by directors of the Company. Having made specific enquiries of directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance. The Written Guideline also applies to other specified senior management of the Company.

BOARD OF DIRECTORS

The Board currently comprises eleven members as follows:

Executive Directors:

Mr. Ng Tat Leung, George (*Chairman and Managing Director*)

Mr. Wong Teck Ming (*Deputy Chairman*)

Mr. Chen Jinkui

Mr. Sun Haichao

Mr. Lui Siu Yee, Samuel

Mr. Chan Wai Keung, Ivan

Mr. Lo Chung Sun, Simon

Non-executive Director:

Mr. Wang Xianzhang (*Honorary Chairman*)

Independent Non-executive Directors:

Mr. Wong Lit Chor, Alexis

Dr. Leung Wai Cheung

Mr. Lo Ka Wai

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

There is no relationship between members of the Board.

The Board held seventeen meetings during the financial year ended 31 March 2006. Details of attendance of individual director at board meetings are set out as below:

Name of Directors	Number of meetings held	Number of meetings attended
Mr. Ng Tat Leung, George	17	17
Mr. Wong Teck Ming	17	17
Mr. Chen Jinkui	17	1
Mr. Sun Haichao	17	1
Mr. Lui Siu Yee, Samuel	17	17
Mr. Chan Wai Keung, Ivan	17	3
Mr. Lo Chung Sun, Simon	17	4
Mr. Wang Xianzhang	17	0
Mr. Wong Lit Chor, Alexis	17	8
Dr. Leung Wai Cheung	17	6
Mr. Lo Ka Wai	17	8



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ng Tat Leung, George is the Chairman and managing director of the Company and the Company does not appoint Chief Executive Officer (“CEO”) during the year under review. Mr. Ng assumes the role of both the Chairman and CEO of the Company.

Mr. Ng Tat Leung, George is responsible for overseeing strategic planning and leadership of the Company and exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. Mr. Ng is also responsible for coordinating the Company’s business and to market and locate potential business opportunities and execute the policy of the Company.

The duties of Chairman and CEO rests on the same individual which deviates from the Code provision as set out in Appendix 14 of the Listing Rules. The Company does not appoint CEO and is not considering to appoint one in view of the strong leadership from Mr. Ng which allows configuration of resources of the Company in order to focus on the Company’s business. Mr. Ng has more than 24 years of experience in the construction industry. The Board considers that Mr. Ng is capable to guide discussions and brief the Board in a timely manner on pertinent issues. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management given that there are strong and independent non-executive directors on the Board and a clear division of responsibility for running the business of the Company.

NON-EXECUTIVE DIRECTOR

The Company has one Non-executive Director. The Non-executive Director has not entered into a service contract with the Company and is subject to the rotational retirement and re-election requirements at the Annual General Meeting pursuant to the Bye-laws of the Company.

REMUNERATION OF DIRECTORS

The Company has established a Remuneration Committee (“RC”) with specific terms of reference which deal clearly with its authorities and duties. The majority of RC members are Independent Non-executive Directors which consists of Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai, all are Independent Non-executive Directors; and Mr. Ng Tat Leung, George and Mr. Lui Siu Yee, Samuel, both are Executive Directors of the Company. Mr. Wong Lit Chor, Alexis is the Chairman of the RC.

The RC advises the Board on the Company’s overall policy and structure for the remuneration of directors and senior management, determine the remuneration packages of all directors and senior management, review and approve their performance-based remuneration, review and approving compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associate is involved in deciding his own remuneration.

In determining the emolument payable to directors, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

No RC meeting has been held during the financial year ended 31 March 2006 to review the remuneration packages of directors and senior management, which are nominal by market standards and the Company's performance. The Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has established a Nomination Committee ("NC") with specific terms of reference which deal clearly with its authorities and duties. The majority of NC members are Independent Non-executive Directors which consists of Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai, all are Independent Non-executive Directors; and Mr. Ng Tat Leung, George and Mr. Lui Siu Yee, Samuel, both are Executive Directors of the Company. Mr. Lo Ka Wai is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

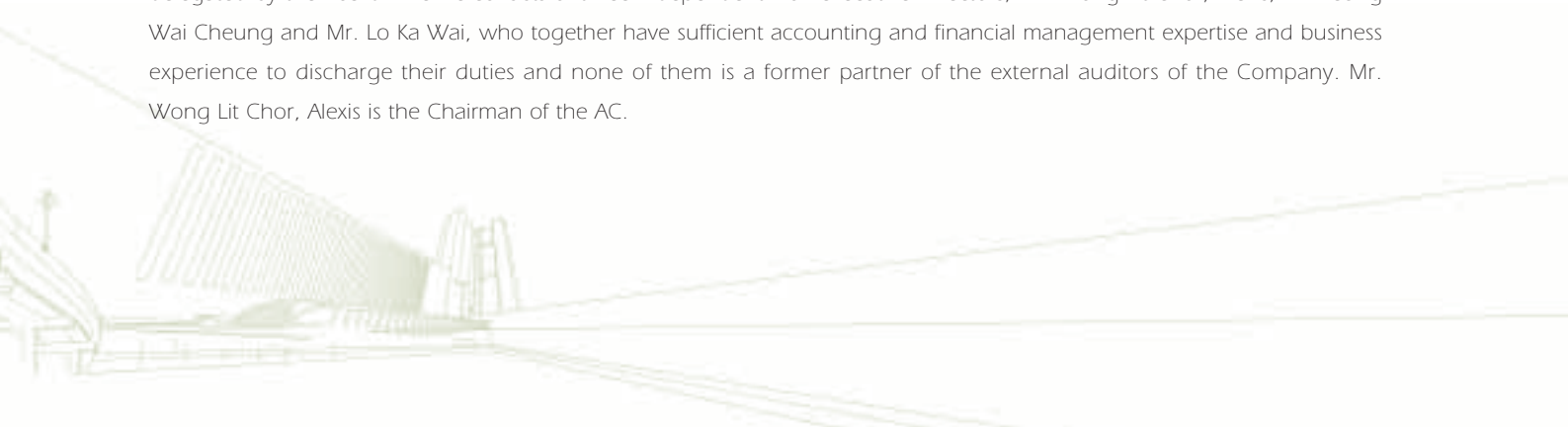
The NC also assesses the independence of Independent Non-executive Directors and making recommendations to the Board on such appointments or re-election.

All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company.

No NC meeting has been held during the financial year ended 31 March 2006 to make recommendations to the Board regarding the Board appointment. In accordance with the Company's Articles of Association, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation. All retiring directors are eligible for re-election.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three Independent Non-executive Directors, Mr. Wong Lit Chor, Alexis, Dr. Leung Wai Cheung and Mr. Lo Ka Wai, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Wong Lit Chor, Alexis is the Chairman of the AC.



The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company. The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee is authorized to take independent professional advice at Company's expense, if necessary.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors. During the year, the AC has reviewed the annual and interim results of the Company for the year ended 31 March 2006 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

The financial statements of the Company for the year have been audited by HLB Hodgson Impey Cheng ("HLB"). During the year, remuneration of approximately HK\$590,000 was paid to HLB for the provision of audit services. In addition, approximately HK\$75,000 was paid to HLB for other non-audit services for preparation of an accountants' report for inclusion in a very substantial acquisition circular issued by the Company during the year.

During the financial year ended 31 March 2006, two AC meetings were held and the individual attendance of each member is set out below:

Name of Directors	Number of meetings held	Number of meetings attended
Mr. Wong Lit Chor, Alexis	2	2
Dr. Leung Wai Cheung	2	2
Mr. Lo Ka Wai	2	2

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2006, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective internal controls system to protect and safeguard the interest of shareholders and assets of the Company. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to protect and safeguard the interest of shareholders and assets of the Company. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

The Company maintains a high level of transparency in communicating with shareholders and is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the shareholders, all corporate communications are arranged and handled by executive directors and designated persons.

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

