

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board" or the "Directors") of Wing Hong (Holdings) Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively refer to the "Group") for the fiscal year ended 31 March 2006.

## **BUSINESS REVIEW**

The market environment in this fiscal year was challenging in the history of construction industry, especially after the continuing increase in the interest rate, due to uncertainty in the property market.

Our core businesses are building construction and renovation and fitting out works. We also cooperate with strategic partners on project basis. Majority of the group turnover was derived from building construction during the year under review.

For the year ended 31 March 2006, the Group recorded a turnover of approximately HK\$152.7 million in comparing to HK\$344.9 million in fiscal 2005. Gross profit decreased to HK\$7.2 million in fiscal 2006 by comparison with HK\$11.7 million in fiscal 2005. Net loss attributable to equity holders of the Company for this fiscal year was HK\$15.0 million, as compared with HK\$11.3 million recorded in last fiscal year.

To grasp the potential building construction and renovation projects in Macau, the Group set up a subsidiary in Macau to explore these job opportunities. These tender opportunities offered both from private sector and public sector. They include shopping malls and resorts invested by global investors and residential apartments provided by the Macau Government.

## **PROSPECT**

Benefit from the rapid growth in the People's Republic of China (the "PRC") economy and the desire of good living environment by the Chinese citizens, the interior business in the PRC grows quickly. Renovation and fitting out market in the PRC is still in the development stage, there are many tender opportunities in the market. The Group will continue to explore this potential business. Rely on the sound reputation of the Group, we target for the Hong Kong listed companies, global corporations and famous local companies in the PRC as customers to seek for the renovation projects. It is believed that there will be a business expansion by the subsidiary in the PRC.

It is expected that the market conditions in the Hong Kong construction industry will remain difficult this year, so the Group will continue to review the cost of each division regularly and carry out cost control measures.

## **APPRECIATION**

I would like to take this opportunity to express my gratitude to our shareholders, business partners, directors and our dedicated staff.

**Hui Chi Yung**  
*Chairman*

Hong Kong, 25 July 2006