榮 康
WING HONG

WING HONG (HOLDINGS) LIMITED
榮康(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 745)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors (the "Board") of Wing Hong (Holdings) Limited (the "Company") now announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Turnover — contract revenue	*4*	**63,197**	64,368
Contract cost		**(60,359)**	(64,508)
Gross profit/(loss)		**2,838**	(140)
Other revenue	*4*	**1,347**	2,024
Other income	*5*	**420**	1,223
Administrative expenses		**(39,731)**	(21,759)
Other operating expenses		**(14)**	(4)
Loss from operating activities	*5*	**(35,140)**	(18,656)
Finance costs		**(2,311)**	(2,528)
Loss before taxation		**(37,451)**	(21,184)
Taxation	*6*	**473**	48
Loss for the year		**(36,978)**	(21,136)
Attributable to:			
— Equity holders of the Company		**(37,055)**	(20,411)
— Minority interest		**77**	(725)
		(36,978)	(21,136)
Dividends	*7*	**—**	—
Loss per share attributable to equity holders of the Company			
— Basic and diluted (restated)	*8*	**(HK2.95 cents)**	(HK1.85 cents)

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**376**	357
Goodwill		**1,810**	1,810
Available-for-sale financial assets		**2,155**	1,596
Interest in a jointly-controlled entity		**—**	1,247
Interest in an associate		**—**	—
		4,341	5,010
Current assets			
Amount due from customers for contract work		**39,448**	38,020
Accounts receivable	*9*	**131,891**	121,507
Prepayments, deposits and other receivables		**42,922**	14,915
Loan to a shareholder		**—**	200
Tax recoverable		**—**	606
Pledged time deposits		**—**	5,100
Cash and cash equivalents		**15,562**	32,239
		229,823	212,587
Total assets		**234,164**	217,597
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**14,408**	12,108
Reserves		**79,324**	100,430
		93,732	112,538
Minority interests		**2,646**	2,569
Total equity		**96,378**	115,107

	Notes	2008 HK$'000	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Loan from shareholders		**—**	37,372
Convertible notes		**1,232**	—
Deferred taxation		**53**	18
		1,285	37,390
Current liabilities			
Loan from shareholders		**39,301**	—
Accounts payable	*10*	**54,599**	50,455
Amount due to customers for contract work		**22,162**	10,064
Other payables and accruals		**20,314**	4,561
Tax payable		**125**	20
		136,501	65,100
Total liabilities		**137,786**	102,490
Total equity and liabilities		**234,164**	217,597
Net current assets		**93,322**	147,487
Total assets less current liabilities		**97,663**	152,497

NOTES:

1. Summary of significant accounting policies

The 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the Company's Annual Report for the year ended 31 March 2008.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost basis except for financial instruments, which are measured at fair values as explained in the Company's Annual Report for the year ended 31 March 2008.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the arbitrations and recoverability of accounts receivable, the other receivable as stated in the Company's Annual Report for the year ended 31 March 2008 and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the accounts receivable and other receivable. If the accounts receivable and other receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Included in the consolidated balance sheet as at 31 March 2008 is an account receivable of approximately HK$120,459,000 (2007: HK$120,459,000) (the "Receivable Under Dispute"), recorded based on architect's certificates, currently withheld by a major customer of the Group with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract work for a residential development project carried out in Kowloon Tong, Hong Kong, and the claim made by the Group on extension of time (the "EOT Claim") entitlement by the Group. The Receivable Under Dispute were certified by the architects of the residential development project.

As at the date of approval of these financial statements, the Group has initiated arbitration proceedings to recover the outstanding amount due and negotiations with the customer are still in progress. Despite that the full amount of the accounts receivable balance is being withheld by the major customer, a counter claim was made by the major customer against the Group in relation to claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong in the amount of approximately HK$122,480,000. In the opinion of the directors, based on legal advice, the major customer does not have sufficient grounds to their entitlement of the EOT Claim, and as a result, the resultant liquidated damages, if any, would not be significant to the Group's financial statements. The directors also considered that the Group has valid grounds to defend against the alleged environmental related damages claimed by the major customers and that the final amount being claimed, if any, would not have a material impact to the Group's financial position.

Based on the foregoing, the directors of the Company are currently unable to determine the reasonable certainty of the outcome of the arbitration. The directors are also unable to determine the time required to recover the Receivable Under Dispute and whether a provision, if any, is required against such receivable at this stage.

As a result of the withholding of settlement of accounts receivable by the customer, the working capital of the Group has been affected. In order to maintain the working capital of the Group, two major shareholders of the Company provided continual financial support to the Group in the form of shareholders' loan, of which approximately HK$39,301,000 of the loan had been made to the Group as at 31 March 2008 (2007: HK$37,372,000).

In the opinion of the directors, in light of the continual financial support from the major shareholders, the Group would have sufficient financial resources to satisfy its working capital needs for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new standards, amendments and interpretations to existing standards that are mandatory for accounting periods beginning on or after 1 January 2007 or 1 March 2007. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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

The adoption of above new/revised HKFRSs except HKAS 1 (Amendment) and HKFRS 7 did not result in substantial changes to the Group's accounting policies and has no material impact on the Group's financial statements.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

3. Segment information

The Group's operating businesses are structured and managed separately, according to the nature of their operations 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 other business segments. Details of the business segments are as follows:

(a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;

(b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors; and

(c) the corporate and others segment comprises the Group's corporate income and expenses items.

Business Segments

The following table presents revenue and loss, assets and liabilities for the Group's business segments.

The Group

	Building construction		Renovation, repairs and maintenance		Corporate and others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Contract revenue from external customers	**16,508**	14,233	**46,689**	50,135	**—**	—	**63,197**	64,368
Other revenue and other income	**1**	110	**340**	1,195	**—**	—	**341**	1,305
Total	**16,509**	14,343	**47,029**	51,330	**—**	—	**63,538**	65,673
Segment results	**369**	(2,602)	**2,809**	3,763	**(39,744)**	(21,759)	**(36,566)**	(20,598)
Interest and unallocated gains							**1,426**	1,942
Loss from operating activities							**(35,140)**	(18,656)
Finance costs							**(2,311)**	(2,528)
Loss before taxation							**(37,451)**	(21,184)
Taxation							**473**	48
Loss for the year							**(36,978)**	(21,136)
Segment assets	**157,390**	153,822	**31,845**	21,623	**27,213**	1,164	**216,448**	176,609
Interest in a jointly-controlled entity	**—**	1,247	**—**	—	**—**	—	**—**	1,247
Unallocated assets							**17,716**	39,741
Total assets							**234,164**	217,597
Segment liabilities	**60,523**	50,668	**23,630**	12,677	**2,739**	1,735	**86,892**	65,080
Unallocated liabilities							**50,894**	37,410
Total liabilities							**137,786**	102,490
Other segment information:								
Depreciation	**7**	11	**54**	101	**61**	107	**122**	219
Capital expenditure	**—**	5	**—**	2	**287**	31	**287**	38
Impairment loss on accounts receivable	**—**	—	**16**	4	**—**	—	**16**	4

Geographical Segments

	Hong Kong		The People's Republic of China ("PRC")		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**34,330**	32,817	**28,867**	31,551	**63,197**	64,368
Total segment assets	**216,167**	205,843	**17,997**	11,754	**234,164**	217,597
Capital expenditure	**164**	36	**123**	2	**287**	38

4. Turnover and Revenue

Turnover represents the appropriate proportion of contract revenue of construction, renovation, repairs and maintenance contracts.

An analysis of turnover and other revenue is as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover:		
Contract revenue	**63,197**	64,368
Other revenue:		
Bank interest income	**504**	1,462
Handling income from subcontractors	**—**	127
Other interest income	**118**	77
Refund of provident fund unvested benefit	**61**	55
Rental income	**40**	225
Bad debt recovered	**300**	—
Sundry income	**324**	78
	1,347	2,024
Total revenue	**64,544**	66,392

5. Loss from Operating Activities

The Group's loss from operating activities is arrived at after charging/(crediting):

	2008 *HK$'000*	2007 *HK$'000*
Auditors' remuneration	**580**	500
Depreciation	**122**	219
Amount capitalised as contract costs	**(7)**	(48)
	115	171
Impairment loss recognised in respect of accounts receivable	**16**	4
Staff costs (excluding directors' remuneration)		
— wages and salaries	**10,082**	10,196
— pension scheme contributions*	**256**	385
	10,338	10,581
Less: Amount of staff costs capitalised as contract costs	**(2,841)**	(1,236)
	7,497	9,345
Minimum lease payments under operating leases:		
— Land and buildings	**1,307**	1,368
Legal and professional fees	**21,128**	3,888
Loss on disposal of investment properties	**—**	229

and after crediting:

Other income:

Dividend income	**(4)**	—
Gain on disposal of property, plant and equipment	**(106)**	(49)
Fair value changes of financial assets at fair value through profit or loss	**—**	(79)
Transfer from equity on disposals of available-for-sale financial assets	**(310)**	—
Reversal of accounts payable	**—**	(1,095)
	(420)	(1,223)

* As at 31 March 2008, the Group had no material forfeited contributions available to offset future pension scheme contributions to the scheme (2007: Nil).

6. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong for year ended 31 March 2008 (2007: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	*HK$'000*
Current taxation:		
Provision for taxation – PRC	**105**	—
(Over)/Under provision in prior years – Hong Kong	**(542)**	64
	(437)	64
Deferred taxation:		
Reversal during the year	**(36)**	(112)
	(473)	(48)

7. Dividends

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2008 (2007: Nil).

8. Loss per Share Attributable to Equity Holders of the Company

The calculation of basic loss per share amounts is based on the loss for the year attributable to equity holders of the Company of approximately HK$37,055,000 (2007: HK$20,411,000) and the weighted average number of ordinary shares in issue during the year of 1,257,230,685 (2007: 1,105,031,945 (restated)) after adjusting for the effects of the share consolidation and sub-division approved on 27 April 2007 and 8 November 2007 respectively. The basic loss per share for 2007 had been adjusted accordingly.

9. Accounts receivable

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**5,983**	96
31 – 90 days	**2,776**	158
91 – 180 days	**1,708**	6
Over 180 days	**121,448**	121,255
	131,915	121,515
Less: Impairment losses on accounts receivable	**(24)**	(8)
	131,891	121,507

Notes:

(a) The carrying amounts of accounts receivable is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.

(b) The movements in impairment losses on accounts receivable were as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 April	**8**	4
Impairment losses recognised in respect of account receivables	**16**	4
At 31 March	**24**	8

(c) The aged analysis of the Group's account receivable balances which are past due but not impaired is presented as follows:

	2008	2007
	HK$'000	*HK$'000*
61 – 90 days	**2,776**	173
91 – 180 days	**1,708**	7
Over 180 days	**121,448**	121,311
Total	**125,932**	121,491

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2008, no retentions held by customers for contract work were included in accounts receivables (2007: Nil).

Included in the Group's accounts receivables balance as at 31 March 2008 and 2007 were amounts of approximately HK$120,459,000 withheld by a major customers of the Group in respect of disputes between the Group and the customers. Further details of the receivables under dispute are disclosed in Note 1 above.

10. Accounts payable

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

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**4,058**	1,275
31 – 90 days	**198**	958
91 – 180 days	**43**	1,536
Over 180 days	**50,300**	46,686
	54,599	50,455

As at 31 March 2008, no retentions payable are included in accounts payable under current liabilities (2007: Nil).

11. Contingent liabilities

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

(i) Guarantees given to banks in connection with facilities granted to subsidiaries by the Company of approximately HK$23,000,000 (2007: HK$43,050,000).

As at 31 March 2008, the guarantees given to banks in connection with facilities granted to subsidiaries by the Company were not utilised (2007: HK$5,100,000).

The carrying amount of the financial guarantee contracts recognised in the Company's balance sheet in accordance with HKAS 39 and HKFRS 4 (Amendments) were approximately HK$740,000 (2007: HK$5,268,000). The financial guarantee contracts were eliminated on consolidation.

(b) In the normal course of business, the Group is subject to claims of liquidated damages by relevant employers due to a delay in completion of certain phases of construction contracts. The Group has filed extension of time claims with the relevant employers and the directors, based on legal advice, consider that the Group has valid reasons for the extension of time claims. As at the date of approval of these financial statements, and save as disclosed in the Company's Annual Report for the year ended 31 March 2008, the directors are of the opinion that the amount of the ultimate liquidated damages, if any, cannot be ascertained, however, any resulting liability would unlikely materially affect the financial position of the Group.

(c) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Group in respect of (i) a claim of subcontracting fees and material costs of approximately HK$31,300,000; and (ii) a compensation claim of approximately HK$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$42,600,000 and HK$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$56,000,000 and HK$278,100,000 respectively.

As at the date of approval of these financial statements, no decision had been made in the arbitration and court proceedings. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(d) On 13 May 2004, 19 August 2004, 23 August 2005, 7 February 2006, 4 September 2006, and 19 July 2007, two District Court actions and four High Court actions had commenced by six employees against subsidiaries of the Group and the other respondents in respect of claims for employees' compensation under the common law for personal injuries sustained by the employees in accidents arising in and out of the course of their employments and personal injury, loss and damage arising out of the negligence.

No settlements have been reached and no judgment have been made against the subsidiaries of the Group in respect of the above actions. In the opinion of the directors, the above actions with six employees were either covered by insurance or indemnified by a subcontractor and would not have any material adverse impact on the Group. Therefore, no provision in respect of such claim was made in the financial statements.

(e) On 13 September 2004, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$26,000,000.

On 5 May 2005, the subsidiary of the Group and the nominated subcontractor agreed to enter into a moratorium period of six months to the arbitration. On 13 April 2006, the subsidiary of the Group and the nominated subcontractor further agreed to suspend the arbitration proceedings for three months subject to the rights to re-active the proceedings upon a three day written notice to the subsidiary of the Group. Since this date and up to the date of approval of these financial statements, the arbitration has been dormant and there has been no activity arisen by the parties.

In the opinion of the directors, based on legal advice, the claim was related to a payment being withheld in respect of subcontracting work delays and defects caused by the nominated subcontractor, and the resulting liabilities, if any, would not have material adverse impact on the Group's financial position.

(f) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Group and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK$14,241,000. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(g) On 7 December 2006, a subsidiary of the Group received a notice of arbitration from a subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$5,629,000. On 24 February 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$8,062,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(h) On 28 March 2007, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$3,253,000. On 29 June 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$232,000 together with an order for indemnity for a sum amounting to approximately HK$4,389,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(i) On 20 November 2007, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a construction project performed in Shatin, Hong Kong. The amount of claim was approximately HK$2,000,000. On 4 February 2008, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$6,300,000.

As at the date of approval of these financial statements, no decision had been made. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(j) On 20 November 2007, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a construction project at Lai Chi Kok Road, Hong Kong. The amount of claim was approximately HK$165,000. On 4 February 2008, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$1,500,000.

As at the date of approval of these financial statements, no decision had been made. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

Save as disclosed above and elsewhere in the financial statements, as at 31 March 2008, the Group and the Company had no other material contingent liabilities.

12. Subsequent events

(a) On 30 May 2008, the Company has entered into the placing and subscription agreement in relation to the placing of 93,000,000 shares at a placing price of HK$0.74 per share. The net proceeds of approximately HK$63,300,000 will be used for the acquisition of Beijing Railsmedia Advertisement Co., Ltd and as general working capital of the Group.

(b) On 30 June 2008, the directors proposed to change the name of the Company from "Wing Hong (Holdings) Limited" to "China Railsmedia Corporation Ltd" and to adopt the Chinese name of 中國鐵聯傳媒有限公司.

EXTRACT FROM AUDITORS' REPORT

"Basis for Disclaimer of Opinion

Significant uncertainty and limitation of audit scope relating to the recoverability of accounts receivable and arbitration

As described in Note 3 to the financial statements, the Group commenced arbitration against a major customer ("Case 1") to recover the accounts receivable of the Group, representing an amount recorded based on architects' certificate, of approximately HK$120,459,000 (the "Receivable Under Dispute"). Subsequently a counter claim was made by the major customer against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong ("Case 2") in the amount of approximately HK$122,480,000. In respect of Case 1 and Case 2, the parties are undergoing on arbitration and negotiation process and the outcome of the arbitration has not been finalised as of the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 1, we are unable to ascertain as to how much and when the accounts receivable of the major customer would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the accounts receivable of the major customer. Any adjustments to the carrying value of the accounts receivable of the major customer that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2008 and the loss of the Group for the year then ended.

As a result of the uncertainty of the timing and the outcome of Case 2, we are unable to ascertain the possible result of Case 2 against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong. The future settlement of Case 2 could result in additional liabilities of the Group. Any adjustments to the additional liabilities of Case 2 that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2008 and the loss of the Group for the year then ended.

Significant uncertainty and limitation of audit scope relating to recoverability of other receivable and arbitration

As described in Note 25 to the financial statements, the Group commenced arbitration against a subcontractor ("Case 3") to recover the other receivable of the Group in the amount of approximately HK$10,400,000 (the "Receivable"). Case 3 is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 3 we are unable to ascertain as to how much and when the other receivable of the subcontractor would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the other receivable of the subcontractor. Any adjustments to the carrying value of the other receivable of the subcontractor that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2008 and the loss of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for opinion.

Significant uncertainties relating to the going concern basis of the Group

In forming our opinion we have considered the adequacy of the disclosures made in Note 3 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in Note 3 to the financial statements, the directors are currently undertaking measures to satisfy its working capital needs and improve the liquidity position of the Group.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of Case 1, Case 2 and Case 3 and the recoverability of the Receivable Under Dispute, the Receivable and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the Receivable Under Dispute and the Receivable as stated above and a failure as to the successful outcome of the working capital and liquidity position of the Group. If the Receivable Under Dispute and the Receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We are uncertain whether the financial statements of the Group should be prepared under the going concern basis due to the matters as mentioned in preceding paragraph.

Disclaimer of Opinion: Disclaimer on View Given by the Financial Statements

Because of the significance of the possible effects of the limitation in evidence available to us relating to the matters referred to the above paragraphs, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 or of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Companies Ordinance.

In respect alone of the limitation on our work relating to the matters described above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit."

MANAGEMENT DISCUSSION AND ANALYSIS

Building construction

Although Hong Kong recorded a strong economic growth with low unemployment rate, the building construction industry cannot benefit much. The depression in the construction industry continued as a result of the continuing increase in material costs and the ongoing reduction in building construction contracts in the market.

In order to maintain a reasonable level of safety at site, some essential costs cannot be reduced. Thus, the Group may not be the one with the lowest tender, but we are the one with quality services.

To reduce the negative impact of the depression of construction industry to the Group, the company downsized the construction department and sought for other investment opportunities.

Renovation and fitting out works

There were lots of small scale renovation works in Hong Kong, however, it was not appropriate for our company to step into this market.

Prospect

In order to capture investment opportunities to expand the Group's operation and optimize the returns to the Group, in September 2007, an agreement was signed by a wholly owned subsidiary with 北京鐵聯通達廣告傳媒有限公司 ("北京鐵聯通達"), a company incorporated in the Mainland China with limited liability which is engaged in media sales and management services for the multi-media business and the operation of media advertising spaces together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the Mainland China. 北京鐵聯通達 has obtained an absolute nationwide exclusive right for media advertising broadcasting in the LCD display placed in format of tickets selling counters in the transit rail stations in the PRC for the period up to 15 years. Upon the completion of acquisition, the Group will hold 65% shareholding interest in 北京鐵聯通達.

Mainland China recorded US$21.5 billion (RMB157.3 billion) in advertising revenue in 2006, and has been growing at a double-digit rate since 2001. Advertisement spending in Mainland China is expected to increase to US$30.5 billion (RMB222.8 billion) in 2008, growing at a faster rate than the world's current largest markets; the US, Europe and Japan. It's expected that Mainland China would be the world's fourth-largest advertising market by 2010. In term of annual advertisement spending per person, this was US$18/capita in Mainland China in 2007, well behind the US, at US$921/capita. It's a clear sign of the huge long term growth potential that still remains in Mainland China's advertising market. The acquisition of 北京鐵聯通達 makes our Group to enter the Mainland China's advertising market to capture its golden growth potential.

The completion of acquiring 北京鐵聯通達 is anticipated in the second half of 2008. Upon the completion, 北京鐵聯通達 will start to contribute revenue and profit to the Group.

In order to symbolize a fresh start to the Company for entering the Mainland China's advertising market, in June 2008, the Board has proposed to change the name of the Company from "Wing Hong (Holdings) Limited" to "China Railsmedia Corporation Limited". The change of Company name demonstrates the Company's desire to explore and capture a wider source of business opportunities of high growth and yield with a view to diversifying the businesses of, and optimizing the returns to, the Group.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2008 and 2007. The Group's cash and bank deposits were approximately HK$15.6 million (2007: HK$37.3 million).

The Group's gearing ratio, calculated by aggregate of interest-bearing borrowings, loans from shareholders and other non-current liabilities over total assets, increase slightly to 17.3% at 31 March 2008 from 17.2% at 31 March 2007.

Treasury policies

Cash and bank deposits of the Group are either in HK dollars or RMB.

The Group conducts its core business transaction mainly in HK dollars and RMB such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2008, the Group had no time deposits (2007: HK$5.1 million) pledged for performance bond facilities.

Use of proceeds

On 7 December 2007, the Company has issued Placing Notes and Subscription Notes in the aggregate principal amount of HK$10,000,000 each. The Placing Notes and Subscription Notes are convertible into new shares at the adjusted conversion price of HK$0.08 each. The net proceeds from issuing the Placing Notes and Subscription Notes were approximately HK$19,104,000. These proceeds intended to be used for future investment and general working capital purposes.

Employment information

On 31 March 2008, the Group had 59 full time employees (31 March 2007: 47 employees), the majority of whom are employed in Hong Kong. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2008, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions in the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2008 except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Hui Chi Yung currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises three members and all of whom are independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. It has also reviewed the annual results for the year ended 31 March 2008.

By Order of the Board
WING HONG (HOLDINGS) LIMITED
Hui Chi Yung
Chairman

Hong Kong, 25 July 2008

As at the date of this announcement, the Board of directors comprises Mr. Hui Chi Yung, Mr. Yiu Kai Yeuk, Raphael and Mr. Hui Kau Mo as Executive Directors and Mr. Liu Kwong Sang, Mr. Sit Hing Wah and Dr. Hu Chung Kuen, David as Independent Non-Executive Directors.

* *For identification purpose only*