

Chairman's Statement



He Haochang, Chairman

Dear Shareholders,

BUSINESS RESULTS

As the new Chairman of Wing Shan International Limited (the "Company"), I am pleased to announce that the Company and its subsidiaries (together referred to as the "Group") reversed from the previous loss attributable to shareholders of HK\$18.6 million to profit of HK\$12.9 million for the year ended 31 December 2001.

DIVIDENDS

The Company's board of directors (the "Directors") have resolved to recommend the payment of a final dividend of 1.5 Hong Kong cents (2000: Nil) per share for the year. As no interim dividend (2000: Nil) was declared for the first half year, the total amount of dividends for the year was HK\$12.4 million (2000: Nil).

BUSINESS REVIEW

Beset by the worldwide economic downturn, business environment has been extremely difficult during the year. The Directors have been very prudent towards potential business opportunities. At the same time, the Group's electricity generation business in China continued to be threatened by the high fuel oil prices. While a large number of oil-fired power plants in Guangdong Province suffered operating losses or suspended production, 佛山市沙口發電廠有限公司 (Foshan Shakou Power Plant Co. Ltd.) ("Shakou JV") sustained its turnover with improved profitability performance. Although profitability remained inadequate, in terms of return on invested capital, Shakou JV demonstrated its competitive advantages over its competitors in terms of production efficiency and operational effectiveness. Power generating facilities were maintained at optimal capacity at all time to tap electricity demand while production schedules were carried out safely without any severe mechanical failures or breakdowns throughout the year. Being an industry-wide phenomenon for oil-fired power plants in Guangdong Province, Shakou JV's current performance deficiency was principally attributable to the high fuel oil prices in the short-term that are beyond the control of the Group. The Directors has already taken pro-active measures to correct the Group's under-performance and succeeded to achieve an immediate recovery. Simultaneously, continuous efforts will be made to develop a sustainable business plan that could reduce the Group's susceptibility to the potential challenges of the high fuel oil prices over the long-term.

OUTLOOK

In light of China's sustained economic growth, the Directors are confident of the Group's business prospects. Guangdong Province, as an economic growth engine of China, is expected to further benefit from China's succession to the World Trade Organization. Although China's electric power industry reform could over the long-term bring in abundant electricity supplies at lower prices, Guangdong Province is expected to have a matching appetite for electricity. As further details of China's electric power industry reform are expected

Chairman's Statement (Continued)

to be announced later in the year, the Group will be closely monitoring the development. Building on Shakou JV's excellent management quality and expertise, the Group is well prepared to take on the challenge and to compete in the changing market environment. At the same time, the Group is also well positioned to explore any profitable business opportunities that could give synergy to its power generation business in China. In pursuit of further performance excellence and company value creation, the Directors will endeavor best efforts to enhance the Company's level of corporate governance.

CHANGES OF DIRECTORS

With effect from 19 July 2001, I have succeeded Madam YIP Siu Chun as the Chairman and Managing Director of the Company while Madam YIP became the honorary advisor of the Company. Mr. LAM Siu Hung (now serving as non-executive director of the Company), Madam MOK Kit Fong and Mr. LIANG Weidong resigned as executive directors of the Company on 15 November 2001, 1 January 2002 and 8 January 2002 respectively. Succeeding their places, Mr. SITU Min and Mr. HUANG Yongzhong were appointed as executive directors of the Company on 27 September 2001 and 8 January 2002 respectively. I would like to welcome on board all the newly appointed directors and express my sincere thanks to all the resigning directors for their valuable contributions to the Group during the past.

APPRECIATION

Taking this opportunity, I must express my whole-hearted gratitude to the Directors, members of the management teams and all the staff for their joint and concerted efforts to turnaround the Group. The Group's achievement during the year would just simply be a "mission impossible" without their hardworking, perseverance and bravery during the year. Building on the Group's tradition of unity, I am confident that the Group will achieve further improvement in the future for the ultimate benefit of all our shareholders.

HE Haochang

Chairman

Hong Kong, 10 April 2002