

Dear Shareholders,

PERFORMANCE

I wish to report that Wing Shan International Limited (the "Company") (together with its subsidiaries known as the "Group") faced challenging operating environment in the year 2003 mainly because fuel oil prices had surged to almost record highs of the recent years. The Group therefore incurred loss attributable to shareholders for the year of HK\$17.6 million (2002: profit of HK\$49.6 million). Loss per share was 2.12 Hong Kong cents (2002: earnings per share of 5.98 Hong Kong cents). Yet I must highlight that the Group's financial position remained satisfactory. Excluding those non-cash



HE Haochang *Chairman*

expense items such as amortization of goodwill and depreciation, the Group would still have recorded profitable results. To continue with our prudent financial policy in face of the increased working capital requirements, the Company's board of directors (the "Board") has resolved to recommend the payment of a final dividend for the year of 1.5 Hong Kong cents (2002: 1.8 Hong Kong cents) per share.

STRATEGY

As one of the fastest growing cities in Guangdong Province, Foshan Municipality continues to experience strong economic growth and remarkable electricity demand growth in recent years. Electric power industry remains one of the fastest growing industries of Foshan Municipality. Taking full advantage of our competitive strengths, we will continue our strategy to concentrate as priority on electricity generation business development in Foshan Municipality. Despite the short-term performance repercussion caused by fuel oil price fluctuations, our business is expected to benefit over the long-term as a leading local power plant operator in Foshan Municipality. Riding on the sustained economic growth of Foshan Municipality and the improved global economic environment, we are confident of the Group's business prospects. We will continue our effort to explore business opportunities that could excel our competitive strengths and provide synergy to our existing business.

CHANGES OF DIRECTORS AND COMPANY SECRETARY

On 26 February 2003, Mr. TANG Jian and Mr. LAM Siu Hung resigned as executive director and non-executive director respectively, both for personal reasons. With effect on the same day, Mr. LI Feng was appointed as an executive director to replace Mr. TANG to be responsible for the operation of Shakou Power Plant. In an effort to enhance the corporate governance standard of the Company, Mr. Lam Siu Hung, a qualified accounting professional, was re-appointed as a non-executive director in January 2004. On 15 March 2004, Mr. Cheung Kin Piu, Valiant, a qualified accounting professional, was appointed as independent non-executive director. As at the

Chairman's Statement

date of this report, the Board is consisted of a total of eight directors, four of them being executive, one being non-executive and three being independent non-executive directors. On 1 June 2003, Mr. CHEUNG Wing Yui, Edward, after serving the Company for nearly ten years, resigned as Company Secretary for personal reason and in his place Mr. HUEN Po Wah was appointed on the same day. Mr. HUEN is an Associate of the Institute of Chartered Secretaries and Administrators and also an Associate of the Hong Kong Institute of Company Secretaries. The Board would like to thank all those outgoing for their valuable contributions to the Company in the past and welcome those joining the Company.

VOTE OF THANKS

In light of the challenging operating environment during the year, I believe the Group's performance has already reflected the concerted best effort of our directors, our management teams and all our staff. I must express my wholehearted gratitude to all of them and our counterparties including our PRC joint-venture partners and the relevant authorities of the Foshan Municipal Government for the generous support given to us in the past years. With your continuous and full support, I am confident that we can face the challenges ahead and are fully committed to the implementation of our business strategy to strive for the best interests of all our shareholders and stakeholders.

HE Haochang

Chairman

Hong Kong, 15 April 2004