

Chairman's Statement

On behalf of the Board of Directors (the "Board") of Wing Shing Chemical Holdings Limited (the "Company"), I am pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2004.

- The Group's turnover reached a record high of HK\$291,598,000;
- The Group established a joint venture with a European company to expand business into the non-stick coatings market in the PRC;
- The Group's measures to streamline the organization structure and control the expenses proved to be effective;
- Sales of the Group's new products achieved better growth.

In addition, the Group's distribution network in Yangtze River Delta and Southern China is gaining scale. The Group is expecting to generate satisfactory returns from investments in these regions.

Apart from the significant sales of our long-existing products such as toy paints and metal paints, the turnover of other products including cabinet and UV cured plastic paints also sustained stronger growth. In addition, the sales performance of several newly developed products also met our expectations. All these will strengthen the dynamic drive for boosting the sales of the Group in the coming years.

Although many targets were achieved last year, with crude oil prices standing high due to the instability in the Middle East as well as the rampage of SARS, the Group's gross profit and net profit were not very satisfactory. Nevertheless, as these unfavorable factors gradually fade away, coupled with the Group's relentless efforts in cost-control, I expect the Group's profits will improve in the coming years.

Finally, I would like to extend my gratitude to our clients and suppliers who have been supportive to us. I would also like to express my appreciation to our staff for their commitment and dedication.

Poon Sum

Chairman

Hong Kong, 26th July 2004