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# WING SHAN INTERNATIONAL LIMITED

## 榮山國際有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 570)**

### **DISCLOSURE OF TRADE RECEIVABLES PURSUANT TO RULES 13.13, 13.14 AND 13.15 OF THE LISTING RULES**

#### **Trade Receivables as at 31 March 2004 – Rules 13.13 and 13.15 of the Listing Rules**

As at 31 March 2004, the trade receivables owed to the Group by Guangdong Guan-Dian, in aggregate amounted to RMB90,727,956 (equivalent to approximately HK\$84,903,571), represented approximately 19.84% of the Market Capitalization on 31 March 2004. Pursuant to Rule 13.13 of the Listing Rules, the Company was required to disclose details of such trade receivables.

#### **Increase in Trade Receivables – Rules 13.14 and Rule 13.15 of the Listing Rules**

As at 30 April 2004, the trade receivables owed to the Group by Guangdong Guan-Dian increased to RMB136,461,113 (equivalent to approximately HK\$127,700,836), represented approximately 34.49% of the Market Capitalization on 30 April 2004. Such increase in trade receivables owed to the Group by Guangdong Guan-Dian therefore gave rise to disclosure obligation of the Company under Rule 13.14 of the Listing Rules.

As at 30 November 2004, the trade receivables owed to the Group by Guangdong Guan-Dian further increased to RMB141,358,335 (equivalent to approximately HK\$132,283,675), represented approximately 38.31% of the Market Capitalization on 30 November 2004. Such further increase in trade receivables owed to the Group by Guangdong Guan-Dian therefore triggered off the disclosure obligation of the Company under Rule 13.14 of the Listing Rules.

As at 31 December 2004, the trade receivables owed to the Group by Guangdong Guan-Dian further increased to RMB184,231,331 (equivalent to approximately HK\$172,404,390), represented approximately 53.80% of the Market Capitalization on 31 December 2004. Such further increase in trade receivables owed to the Group by Guangdong Guan-Dian also triggered off the disclosure obligation of the Company under Rule 13.14 of the Listing Rules.

#### **Misinterpretation of Rules 13.13, 13.14 and 13.15 of the Listing Rules**

The Company was aware that the disclosure obligations pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules in connection with the relevant trade receivables arose immediately after the new Listing Rules came into effect on 31 March 2004. However, as the trade receivables were interest-free and unsecured, the Company inadvertently believed that only the total assets test (but not the consideration test) pursuant to Rule 14.07 of the Listing Rules was applicable. Since (i) the amount of relevant trade receivables during the period from 31 March 2004 to the date of this announcement represented less than 8% of the Group's total assets value of approximately HK\$2,259,685,000 as shown in the Company's latest published annual report for the year ended 31 December 2003; and (ii) prior to 31 March 2004, no corresponding disclosure obligation had arisen in connection with the relevant trade receivables pursuant to the then Listing Rules, the Company was genuinely but inadvertently of the view that the relevant trade receivables were exempt from the disclosure requirements under the new Listing Rules.

Owing to the misapprehension of the applicable test in respect of the trade receivables, the Company failed to release an announcement pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules in a timely manner. The Stock Exchange reserves its rights to take appropriate action against the Company and/or the Directors.

#### **Trade Receivables as at 31 March 2004 – Rules 13.13 and 13.15 of the Listing Rules**

Pursuant to the requirements under Rules 13.13 and 13.15 of the Listing Rules, where any of the Percentage Ratios of the relevant advance to an entity exceeds 8%, a general disclosure obligation for the Company will arise.

As at 31 March 2004, the trade receivables owed to the Group by Guangdong Guan-Dian, in aggregate amounted to RMB90,727,956 (equivalent to approximately HK\$84,903,571), represented approximately 19.84% of the Market Capitalization on 31 March 2004. Pursuant to Rule 13.13 of the Listing Rules, the Company was required to disclose details of such trade receivables.

#### **Increase in Trade Receivables – Rules 13.14 and Rule 13.15 of the Listing Rules**

Pursuant to the requirements under Rules 13.14 and 13.15 of the Listing Rules, where any of the Percentage Ratios of the relevant advance to an entity increases from that previously disclosed under Rules 13.13, 13.14 or 13.20 of the Listing Rules by 3% or more, a general disclosure obligation for the Company will arise.

As at 30 April 2004, the trade receivables owed to the Group by Guangdong Guan-Dian increased to RMB136,461,113 (equivalent to approximately HK\$127,700,836), represented approximately 34.49% of the Market Capitalization on 30 April 2004. Such increase in trade receivables therefore gave rise to a disclosure obligation of the Company under Rule 13.14 of the Listing Rules.

As at 30 November 2004, the trade receivables owed to the Group by Guangdong Guan-Dian further increased to RMB141,358,335 (equivalent to approximately HK\$132,283,675), represented approximately 38.31% of the Market Capitalization on 30 November 2004. Such further increase in trade receivables therefore triggered off the disclosure obligation of the Company under Rule 13.14 of the Listing Rules.

As at 31 December 2004, the trade receivables owed to the Group by Guangdong Guan-Dian further increased to RMB184,231,331 (equivalent to approximately HK\$172,404,390), represented approximately 53.80% of the Market Capitalization on 31 December 2004. Such further increase in trade receivables also triggered off the disclosure obligation of the Company under Rule 13.14 of the Listing Rules

### **Misinterpretation of of Rules 13.13, 13.14 and 13.15 of the Listing Rules**

The Company was aware that the disclosure obligations pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules in connection with the relevant trade receivables arose immediately after the new Listing Rules came into effect on 31 March 2004. However, as the trade receivables were interest-free and unsecured, the Company inadvertently believed that only the total assets test (but not the consideration test) pursuant to Rule 14.07 of the Listing Rules was applicable. Since (i) the amount of relevant trade receivables during the period from 31 March 2004 to the date of this announcement represented less than 8% of the Group's total assets value of approximately HK\$2,259,685,000 as shown in the Company's latest published annual report for the year ended 31 December 2003; and (ii) prior to 31 March 2004, no corresponding disclosure obligation had arisen in connection with the relevant trade receivables pursuant to the then Listing Rules, the Company was genuinely but inadvertently of the view that the relevant trade receivables were exempt from the disclosure requirements under the new Listing Rules.

The Directors intend to further enhance the Company's internal control by improving the staff training programme and arranging technical seminars for the Directors and senior management so as to familiarize them with the Listing Rules requirements regarding general disclosure obligations in order to ensure that the Company will continue to comply with the Listing Rules.

Save as disclosed above, as at the date of this announcement, the Company does not have any other disclosure obligations under Rules 13.13, 13.14 and 13.15 of the Listing Rules. The Company further confirms that as at the date of this announcement, the Company does not have any disclosure obligations under Rule 13.16 of the Listing Rules.

The Company will ensure its due compliance with the continuing disclosure obligations under Rule 13.20 of the Listing Rules in its subsequent interim and annual reports.

Owing to the misapprehension of the applicable test in respect of the trade receivables, the Company failed to release an announcement pursuant to Rules 13.13, 13.14 and 13.15 of the Listing Rules in a timely manner. The Stock Exchange reserves its rights to take appropriate action against the Company and/or the Directors.

## **General**

The principal activities of the Group are the generation and sale of electricity in Foshan City, Guangdong Province, the PRC.

The Group has well-established business relationship with Guangdong Guan-Dian which is the Group's sole customer. Due to persistent strong demand of electricity in Foshan City, the relevant trade receivables had increased in line with the increase in sales of electricity to Guangdong Guan-Dian last year. The relevant trade receivables comprised account receivables arose solely from the sales of electricity to Guangdong Guan-Dian by the Group in its ordinary course of business. The relevant trade receivables are interest-free, unsecured and with credit terms of 30 days and with average settlement period of approximately 45 days.

Guangdong Guan-Dian, a state-owned enterprise incorporated in the PRC, is an independent third party and not a connected person of the Company (as defined in the Listing Rules).

## **Definitions**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Company”	Wing Shan International Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Guan-Dian”	Guangdong Guan-Dian Power Grid Group Co., Ltd., Foshan Branch, a state-owned enterprise incorporated in the PRC whose principal business is the commercial operation of electric power distribution and supply in Foshan Municipality of Guangdong Province, the PRC
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Market Capitalization on 31 March 2004”	The market capitalization of the Company as at 31 March 2004 amounting to approximately HK\$427,928,214 based on the total number of 829,318,244 Shares in issue on 31 March 2004 and the average closing price of HK\$0.516 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding 31 March 2004, being the date of the relevant trade receivable owed to the Group by Guangdong Guan-Dian
“Market Capitalization on 30 April 2004”	The market capitalization of the Company as at 30 April 2004 amounting to approximately HK\$370,245,225 based on the total number of 830,146,244 Shares in issue on 30 April 2004 and the average closing price of HK\$0.446 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding 30 April 2004, being the date of the relevant trade receivable owed to the Group by Guangdong Guan-Dian
“Market Capitalization on 30 November 2004”	The market capitalization of the Company as at 30 November 2004 amounting to approximately HK\$345,340,838 based on the total number of 830,146,244 Shares in issue on 30 November 2004 and the average closing price of HK\$0.416 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding 30 November 2004, being the date of the relevant trade receivable owed to the Group by Guangdong Guan-Dian
“Market Capitalization on 31 December 2004”	The market capitalization of the Company as at 31 December 2004 amounting to approximately HK\$320,436,450 based on the total number of 830,146,244 Shares in issue on 31 December 2004 and the average closing price of HK\$0.386 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding 31 December 2004, being the date of the relevant trade receivable owed to the Group by Guangdong Guan-Dian
“Percentage Ratios”	have the same meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

*Note: In this announcement, Renminbi has been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB1.0686*

*As at the date of this announcement, the Board is comprised of four executive Directors, namely Mr. He Haochang, Mr. Chan Che Kan, Edward, Mr. Situ Min and Mr. Li Feng; and three independent non-executive Directors, namely Mr. Chan Ting Chuen, David, Mr. Ng Pui Cheung, Joseph and Mr. Cheung Kin Piu, Valiant.*

By Order of the board  
**WING SHAN INTERNATIONAL LIMITED**  
**HE Haochang**  
*Chairman and Managing Director*

Hong Kong, 8 February 2005

Please also refer to the published version of this announcement in The Standard.