



WING SHAN INTERNATIONAL LIMITED

榮山國際有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

1999 INTERIM REPORT

Interim Results

The Group's turnover increased markedly by 51.9% to HK\$341.1 million (1998: HK\$224.5 million). Profit attributable to shareholders increased by 38.7% to HK\$37.7 million (1998: HK\$27.2 million which included an HK\$3.4 million exceptional item of profit on disposal of subsidiaries). Earnings per share improved by 9.5% to 4.6 cents (1998: 4.2 cents).

Interim Dividend

The Directors have declared an interim dividend of 1.5 cents (1998: 1.5 cents) per share for the six months ended 30 June 1999 payable on or about 29 October 1999 to shareholders whose names appear on the Register of Members on 8 October 1999.

Closure of Register of Members

The Register of Members of the Company will be closed from 5 October 1999 to 8 October 1999, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 4 October 1999.

Business Review

During the period, the Group increased its electricity sales by 52.5% to 709 million kilowatt-hours ("kwh") (1998: 465 million kwh), mainly due to the less than three months post-acquisition contribution of 佛山市沙口發電廠有限公司 (Foshan Shakou Power Plant Co.Ltd.) ("Shakou JV") the previous corresponding period. On a full six months basis, Shakou JV's electricity sales grew by 18% mainly due to the electricity consumption growth of Foshan City and the market share expansion of Shakou JV. After the shut-down of other less efficient small scale power plants in 1998, Shakou JV has become the dominant local commercial power producer in Foshan City District. Average plant utilization rate of Shakou JV was approximately 53% (1998: 46%). During the period, Shakou JV's

operating profit margin improved mainly as a result of lower fuel cost. Despite the Group's increased (1) interest expenses of HK\$40.3 million (1998: HK\$22.5 million); (2) depreciation charges of HK\$36.4 million (1998: HK\$23.2 million); and (3) goodwill amortization of HK\$15.8 million (1998: HK\$6.6 million), the Group's operating profit margin before exceptional item and taxation was sustained at approximately 17%.

Prospects

Looking into the second half of the year, operating environment is expected to remain challenging. The Directors will endeavour their best efforts to further promote the Group's business.

Year 2000 ("Y2K") Computer Problem

The Company has reported details of its Y2K program in its 1998 interim report and annual report. The Y2K issue will have no significant impact on the Group's major production and operation systems although there may be problems with certain computer-based control and information systems. In respect of the total aggregate cost of the Group's Y2K program, as at 30 June 1999, the Group has incurred approximately HK\$0.6 million which has been provided for in its financial statements. Up to the present, the Group has already completed final modification and testing of all its major computer-based systems except for certain minor issues final completion of which is expected to be September 1999. As at 30 June 1999, in respect of the Y2K modification cost, there was no commitment which has been authorized by the Directors and contracted for but has not been provided for in the financial statements. There was also no commitment which has been authorized by the Directors but not yet contracted for.

Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period, in compliance with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

Summary of Results

The unaudited consolidated interim results of the Group for the six months ended 30 June 1999 together with comparative figures for the previous corresponding period are as follows:-

	Notes	Six months ended		Notes:
		30 June 1999	1998	
		HK\$'000	HK\$'000	
Turnover		<u>341,083</u>	<u>224,502</u>	1. Exceptional item Exceptional item represented gain on disposal of subsidiaries.
Operating profit before exceptional item		<u>58,669</u>	37,701	2. Taxation No provision has been made for Hong Kong profits tax as the Group sustained losses for taxation purposes during the period. The tax charge represents provision for the People's Republic of China income tax at 7.5% on the estimated assessable profits of Shakou JV for the period.
Exceptional item	1	-	3,420	
Profit before taxation		<u>58,669</u>	41,121	
Taxation	2	<u>(6,423)</u>	(5,358)	
Profit after taxation		<u>52,246</u>	35,763	
Minority interests		<u>(14,509)</u>	(8,552)	
Profit attributable to shareholders		<u>37,737</u>	27,211	3. Earnings per share The calculation of earnings per share is based on the profit attributable to shareholders of HK\$37,737,000 (1998: HK\$27,211,000) and on the weighted average number of 829,018,244 (1998: 648,023,769) shares in issue during the period.
Interim dividend		<u>12,435</u>	12,435	
Earnings per share	3	<u>4.6 cents</u>	4.2 cents	

Directors' Interests

As at 30 June 1999, the interests of each director and chief executive of the Company in the issued capital of the Company or its associated corporations as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:-

(a) Interests in the Company's ordinary shares

Name of Directors	Number of Ordinary Shares Held	
	Personal Interests	Total Interests
Yip Siu Chun	290,196,037	290,196,037
Chan Che Kan, Edward	205,034	205,034
Kwan Ying Ngai, Jonathan	800,000	800,000
Mok Kit Fong	150,000	150,000
Law Ping Fai	150,000	150,000
Zhao Kai	150,000	150,000
Du Richeng (Note)	6,117,079	6,117,079

Note: Held by Main Fortune International Limited which is 50% owned by Mr. Du Richeng.

(b) Interests in an associated corporation

80 per cent. of the equity capital of Shakou JV was beneficially owned by the Company through its wholly-owned subsidiary Hensil Worldwide Inc. Madam Yip Siu Chun was deemed to be interested in such 80 per cent. of the equity capital of Shakou JV by virtue of her being a shareholder of the Company controlling the exercise of more than one-third of the voting power at its general meetings.

Save as disclosed herein, none of the directors and chief executives had any other beneficial interests in the share capital of the Company or its associated corporations. Furthermore, neither any of them nor their spouses or children under the age of 18 years were granted any rights or options to subscribe for shares in the Company or its associated corporations.

Substantial Interests in the Share Capital of the Company

As at 30 June 1999, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the Company had been notified of the following persons (other than a director or chief executive of the Company) with interests representing 10% or more of the issued share capital of the Company:-

Name	Number of Shares Held
Hensil Investments Group Limited (Note)	315,000,000
Foshan Development Company Limited (Note)	315,000,000

Note: By virtue of its interests in Hensil Investments Group Limited, Foshan Development Company Limited is deemed to be interested in the 315,000,000 shares held by Hensil Investments Group Limited.

Save as disclosed above, there was no other person (other than a director or chief executive of the Company) who directly or indirectly interested in 10% or more of the issued share capital of the Company.

Purchase, Sale or Redemption of Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Yip Siu Chun
Chairman