
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Wing Shan International Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS NEW FUEL SUPPLY AGREEMENT

**Independent financial adviser to the Independent Board Committee
and the Shareholders**



SOMERLEY LIMITED

A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from Somerley containing its advice to the Independent Board Committee and the Shareholders is set out on pages 17 to 25 of this circular.

A notice convening an extraordinary general meeting of Wing Shan International Limited to be held at the Company's registered office at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Wednesday, 14 December 2005 at 11 a.m. is set out on pages 31 to 32 of this circular. A form of proxy for use by the Shareholders at the extraordinary general meeting and at any adjourned meeting is also enclosed. Whether or not you propose to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Wing Shan International Limited at its registered office at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting or poll. Completion and return of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meeting should you so wish.

28 November 2005

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2002 Fuel Supply Agreement”	the fuel supply agreement dated 30 November 2002 entered into between Foshan Shakou as purchaser and the Fuel Company as supplier
“Annual Caps”	the proposed maximum aggregate annual values (excluding value added tax to be imposed by the PRC governmental authority) of the Transactions for each of the three financial years ending 31 December 2008
“Board”	the board of Directors
“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
“Directors”	directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the Company’s registered office at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Wednesday, 14 December 2005 at 11 a.m. to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps
“Meeting Notice”	the notice convening the Extraordinary General Meeting as set out on pages 31 to 32 of this circular
“Foshan Shakou”	Foshan Shakou Power Plant Company Limited (佛山市沙口發電廠有限公司), a Sino-foreign equity joint venture established in the PRC which owns and operates the Power Plant and is owned as to 80% by Hensil and 20% by Power Construction Corporation
“Fuel Company”	Foshan City District Electricity Fuel Supply Company (佛山市區電力燃料公司), a state-owned enterprise established in the PRC, wholly-owned by, and under the supervision of, Power Group Corporation
“Group”	the Company and its subsidiaries
“Hensil”	Hensil Worldwide Inc., a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprises of the independent non-executive Directors, namely Messrs. CHAN Ting Chuen, David, NG Pui Cheung, Joseph and CHEUNG Kin Piu, Valiant, is established to advise the Shareholders in relation to the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps
“Independent Third Parties”	persons or companies which are independent of any members of the Group, the directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or/and of its subsidiaries, and their respective associates (within the meaning of the Listing Rules)
“Latest Practicable Date”	25 November 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Fuel Supply Agreement”	the fuel supply agreement dated 9 November 2005 entered into between Foshan Shakou as purchaser and the Fuel Company as supplier
“Power Construction Corporation”	Foshan City District Electric Power Construction Corporation (佛山市區電力建設總公司), a state-owned enterprise established in the PRC and under the direct supervision of, and wholly-owned by, Power Group Corporation
“Power Group Corporation”	Foshan Electric Power Construction Group Corporation (佛山電建集團公司), a state-owned enterprise established in the PRC, principally engaged in the investment of power plants and installation of power generators in Guangdong Province, the PRC
“Power Plant”	the electricity generating plant located at Shakou, Foshan, Guangdong Province, the PRC owned and operated by Foshan Shakou, with a total installed capacity of 300,000 kilowatts
“PRC”	the People’s Republic of China

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Somerley”	Somerley Limited, a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the New Fuel Supply Agreement, the Transactions and the Annual Caps
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions as contemplated under the New Fuel Supply Agreement
“Waiver”	the waiver from strict compliance with the then relevant requirements of the Listing Rules of ongoing connected transactions of the Company in relation to the 2002 Fuel Supply Agreement granted by the Stock Exchange for the period of three financial years commencing on 1 January 2003 and expiring on 31 December 2005
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC.

For the purposes of illustration only and unless otherwise stated, the conversion of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB1.04. Such conversion should not be construed as a representation that the amount in question have been, could have been or could be converted at any particular rate or at all.

LETTER FROM THE BOARD



WING SHAN INTERNATIONAL LIMITED

榮山國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 570)

As at the date of this circular,
the Directors are as follows:

Executive Directors

Mr. HE Haochang, *Chairman & Managing Director*

Mr. LAM Siu Hung, *Deputy Managing Director*

Mr. SITU Min

Mr. LI Feng

Registered Office:

Rooms 2801-2805

China Insurance Group Building

141 Des Voeux Road Central

Hong Kong

Independent non-executive Directors

Mr. CHAN Ting Chuen, David

Mr. NG Pui Cheung, Joseph

Mr. CHEUNG Kin Piu, Valiant

28 November 2005

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS NEW FUEL SUPPLY AGREEMENT

INTRODUCTION

In an announcement of the Company dated 9 November 2005 published on 10 November 2005, the Company announced that Foshan Shakou, an 80% indirectly-owned subsidiary of the Company, entered into the New Fuel Supply Agreement with the Fuel Company, a connected person of the Company under the Listing Rules, whereby Foshan Shakou agreed to purchase and the Fuel Company agreed to sell and deliver to Foshan Shakou the volume of fuel requested by Foshan Shakou according to an annual schedule agreed between the parties for a term of three years commencing on 1 January 2006.

The Board has appointed the Independent Board Committee to consider and advise the Shareholders on the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps. The Board has also appointed Somerley as the independent financial adviser of the Company to advise the Independent Board Committee and the Shareholders on these matters.

LETTER FROM THE BOARD

The main purpose of this circular is (i) to provide you with further information in relation to the New Fuel Supply Agreement, the Transactions and the Annual Caps; (ii) to set out the opinion and recommendation of the Independent Board Committee; (iii) to set out the principal factors and reasons considered by and the opinion and advice of Somerley; and (iv) to give you the Meeting Notice to consider and, if thought fit, to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps.

No Shareholder would be required to abstain from voting at the Extraordinary General Meeting.

BACKGROUND

In view of the fact that the 2002 Fuel Supply Agreement and the Waiver will be expiring on 31 December 2005, Foshan Shakou entered into the New Fuel Supply Agreement with the Fuel Company whereby Foshan Shakou agreed to purchase and the Fuel Company agreed to sell and deliver to Foshan Shakou the volume of fuel, namely heavy oil and diesel oil, requested by Foshan Shakou according to an annual schedule agreed between the parties for a term of three years commencing on 1 January 2006. Pursuant to the requirements of the Listing Rules, the Company would like to seek approval from the Shareholders for approval of the New Fuel Supply Agreement, the Transactions and the Annual Caps.

THE NEW FUEL SUPPLY AGREEMENT

Date

9 November 2005

Parties

- (1) Foshan Shakou as the purchaser; and
- (2) The Fuel Company as the supplier.

Term

The term of the New Fuel Supply Agreement is three years commencing on 1 January 2006 and expiring on 31 December 2008.

On 30 November 2002, Foshan Shakou and the Fuel Company entered into the 2002 Fuel Supply Agreement. Pursuant to the 2002 Fuel Supply Agreement, Foshan Shakou agreed to purchase and the Fuel Company agreed to sell and deliver to Foshan Shakou the volume of fuel requested by Foshan Shakou according to an annual schedule agreed between Foshan Shakou and the Fuel Company for a term of three years commencing on 1 January 2003. As the 2002 Fuel Supply Agreement will be expiring on 31 December 2005, Foshan Shakou and the Fuel Company entered into the New Fuel Supply Agreement and the major terms and conditions of which are similar to that of the 2002 Fuel Supply Agreement.

LETTER FROM THE BOARD

Particulars of the New Fuel Supply Agreement

Under the New Fuel Supply Agreement, Foshan Shakou agreed to purchase and the Fuel Company agreed to sell and deliver to Foshan Shakou the volume of fuel, namely heavy oil and diesel oil, requested by Foshan Shakou according to an annual schedule agreed between Foshan Shakou and the Fuel Company. The Fuel Company may sell and deliver fuel to parties other than the Group provided that it does not affect the Fuel Company's ability to deliver the agreed volume of fuel to Foshan Shakou plus any additional amount of fuel as may be required by Foshan Shakou from time to time pursuant to the New Fuel Supply Agreement.

According to the New Fuel Supply Agreement, the volume of fuel agreed to be supplied by the Fuel Company to Foshan Shakou for the year ending 31 December 2006 is 330,000 tonnes. The scheduled volume of fuel for each subsequent year will be agreed between Foshan Shakou and the Fuel Company before the end of the immediate preceding year. In each year during the term of the New Fuel Supply Agreement, the Fuel Company will use its best endeavours to supply fuel requested by Foshan Shakou in excess of the scheduled volume. In the event that the usage of fuel does not reach the agreed volume in any given year, Foshan Shakou has no obligation to purchase the shortfall between the agreed volume of fuel and the actual usage. Therefore, Foshan Shakou does not need to purchase any unnecessary fuel.

The price payable by Foshan Shakou for the fuel delivered will be determined by Foshan Shakou and the Fuel Company at the time of placing purchase order, but in any event will not be higher than (i) the then prevailing market price for sales of fuel by the Fuel Company to Independent Third Parties; or (ii) the then quotation of price of the fuel that Foshan Shakou could obtain from other independent supplier(s), whichever is the lower. The consideration payable under the New Fuel Supply Agreement will be funded by internal resources of the Group.

Currently, Foshan Shakou is one of the largest customers of the Fuel Company in respect of the particular kinds of fuel to be supplied under the New Fuel Supply Agreement and the Fuel Company is Foshan Shakou's single largest supplier of such kinds of fuel.

THE ANNUAL CAPS

The Transactions between Foshan Shakou and the Fuel Company under the New Fuel Supply Agreement are subject to the reporting, disclosure, approval of the independent Shareholders and the annual review by the independent non-executive Directors and the auditors of the Company requirements under Chapter 14A of the Listing Rules. The Transactions are also subject to the following Annual Caps, being the maximum aggregate annual values (excluding value added tax to be imposed by the PRC governmental authority,

LETTER FROM THE BOARD

which rate was, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, at 17% as at the Latest Practicable Date):

<u>For the year ending 31 December 2006</u>	RMB1,256,440,520 (equivalent to approximately HK\$1,208,116,000)
<u>For the year ending 31 December 2007</u>	RMB1,327,819,110 (equivalent to approximately HK\$1,276,749,000)
<u>For the year ending 31 December 2008</u>	RMB1,589,380,919 (equivalent to approximately HK\$1,528,251,000)

The Board currently estimates that the fuel consumption of the Group and the fuel prices for each of the three financial years ending 31 December 2008 will be as follows:

	For the financial year ending 31/12/2006	For the financial year ending 31/12/2007	For the financial year ending 31/12/2008
Approximate fuel consumption of the Group (tonnes)			
Heavy oil	332,101	304,426	332,101
Diesel oil	750	1,200	750
Approximate average unit price of fuel (RMB/tonne)			
Heavy oil	3,770	4,335	4,769
Diesel oil	5,893	6,777	7,455
Approximate total purchase amount of fuel by the Group (RMB)			
Heavy oil	1,252,020,770	1,319,686,710	1,583,789,669
Diesel oil	<u>4,419,750</u>	<u>8,132,400</u>	<u>5,591,250</u>
The Annual Caps	<u>1,256,440,520</u>	<u>1,327,819,110</u>	<u>1,589,380,919</u>

LETTER FROM THE BOARD

The Annual Caps are based on each of the followings:

1. The historical figures in relation to the fuel consumption of the Group and the fuel prices for each of the two years ended 31 December 2004, the eight months ended 31 August 2005 and the two months ended 31 October 2005 are as follows:

	For the year ended 31/12/2003	For the year ended 31/12/2004	For the eight months ended 31/08/2005	For the two months ended 31/10/2005
Approximate fuel consumption of the Group (tonnes)				
Heavy oil	299,693	332,347	205,713	54,400
Diesel oil	1,276	663	606	156
Approximate average unit price of fuel (RMB/tonne)				
Heavy oil	1,798	1,946	2,406	2,864
Diesel oil	2,993	3,275	3,980	4,533
Approximate total purchase amount of fuel by the Group (RMB)				
Heavy oil	538,848,014	646,747,262	494,945,478	155,801,600
Diesel oil	<u>3,819,068</u>	<u>2,171,325</u>	<u>2,411,880</u>	<u>707,148</u>
	<u>542,667,082</u>	<u>648,918,587</u>	<u>497,357,358</u>	<u>156,508,748</u>

2. The total estimated amount of purchase of fuel by the Group for the year ending 31 December 2005 in the amount of RMB824,798,721 (equivalent to approximately HK\$793,076,000), which is arrived at based on the unaudited total amount of purchase of fuel by the Group for the ten months ended 31 October 2005 of approximately RMB653,866,106 (equivalent to approximately HK\$628,717,000) and the orders in the aggregate amount of approximately RMB170,932,615 (equivalent to approximately HK\$164,358,000) placed or estimated to be placed by Foshan Shakou with the Fuel Company for fuel purchases in November and December 2005.
3. The projected power generating capacity of the Power Plant, utilisation of fuel and fuel consumption of the Group for each of the three years ending 31 December 2008. The Board currently estimates that the power generating capacity of the Power Plant and the fuel consumption of the Group for each of the year ending 31 December 2006 and 31 December 2008 will be roughly the same as

LETTER FROM THE BOARD

that of the year ended 31 December 2004. However, the Board currently estimates that the electricity generating capacity of the Power Plant and heavy oil consumption (which is the primary source of power for running the facilities of the Power Plant) of the Group will both decrease for the year ending 31 December 2007 due to a scheduled major overhaul of the Power Plant to be carried out in 2007 (particulars of which were disclosed in an announcement of the Company dated 23 August 2005 and published on 24 August 2005), which is expected to slow down the electricity generating capacity of the Power Plant by approximately 8.3% for the year ending 31 December 2007 as compared to that of 2006.

4. The current price of fuel and the projected increase in fuel price for each of the three years ending 31 December 2008. From early 2005 to around the Latest Practicable Date, the price of crude oil has increased by approximately 38%. The Board currently estimates that such fluctuation of the price of crude oil (and in turn the prices of both heavy oil and diesel oil) may continue into 2006 but will gradually slow down in 2007 and 2008. As such, the Board currently estimates that for each of the three years ending 31 December 2008, the prices of heavy oil and diesel oil will increase by approximately 30% from around early November 2005, approximately 15% from the estimated average prices for the year ending 31 December 2006 and approximately 10% from the estimated average prices for the year ending 31 December 2007 respectively.

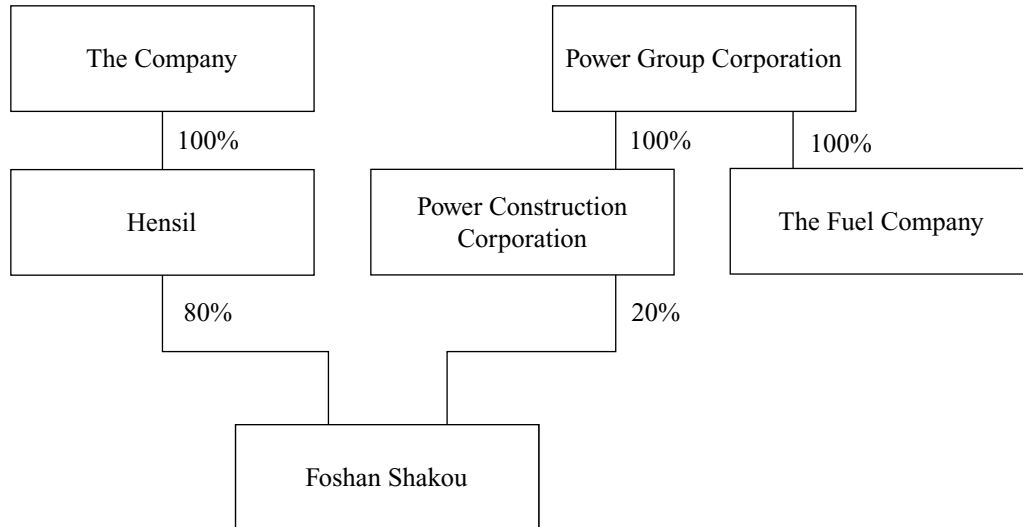
REASONS FOR ENTERING INTO THE NEW FUEL SUPPLY AGREEMENT

The principal activities of the Group are the generation and sale of electricity in Foshan City, Guangdong Province, the PRC. As the 2002 Fuel Supply Agreement and the Waiver will be expiring on 31 December 2005, the Directors consider that the entering into of the New Fuel Supply Agreement between Foshan Shakou and the Fuel Company will continue to ensure stable, high quality and economical supply of fuel (including heavy oil and diesel oil, which are both derived from crude oil) to Foshan Shakou at the lowest possible price comparing with those prices the Group could obtain from other independent supplier(s). Accordingly the Directors consider that the terms of the New Fuel Supply Agreement and the Transactions are entered in the ordinary and usual course of business of the Group, made on an arm's length basis or on terms no less favourable than terms available to or from Independent Third Parties. They are also of the view that the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps are fair and reasonable and in the best interest of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

The shareholding structure of Foshan Shakou as at the Latest Practicable Date is set out below:



RELATIONSHIP BETWEEN THE FUEL COMPANY AND THE COMPANY

Foshan Shakou is an 80% indirectly-owned subsidiary of the Company. Since Power Construction Corporation currently holds 20% in Foshan Shakou, it is regarded as a substantial shareholder of Foshan Shakou under the Listing Rules and is thus a connected person of the Company under the Listing Rules. As the Fuel Company and Power Construction Corporation are both wholly-owned by Power Group Corporation, the Fuel Company is an associate (within the meaning of the Listing Rules) of Power Construction Corporation by virtue of their being fellow subsidiaries of the same holding company and the Fuel Company is regarded as a connected person of the Company under the Listing Rules.

CONDITIONS OF THE TRANSACTIONS

The Transactions will be required to be approved by the Shareholders and will also be subject to the following conditions:

- (1) The Transactions will be entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms, or where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than those available from Independent Third Parties; and

LETTER FROM THE BOARD

- (iii) in accordance with the New Fuel Supply Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (2) the relevant amount of Transactions for each of the three financial years ending 31 December 2008 shall not exceed the relevant Annual Caps (as described above);
- (3) the independent non-executive Directors shall review annually the Transactions and confirm in the Company's corresponding annual report that the Transactions have been conducted in the manner as stipulated in paragraph (1) above;
- (4) the auditors of the Company shall review annually the Transactions and confirm in a letter to the Directors (a copy of which shall be provided to the Stock Exchange) whether such Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the New Fuel Supply Agreement governing the Transactions; and
 - (iv) have not exceeded the relevant Annual Caps;
- (5) the Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraph(s) (1), (3) and/or (4) respectively;
- (6) each of the member company of the Group shall provide to the Stock Exchange an undertaking and shall procure that the relevant counterparties to the Transactions that, for so long that the Shares are listed on the Stock Exchange, it will provide the Company's auditors with sufficient access to the relevant records for the purpose of the auditors' review of the Transactions referred to in paragraph (4) above.

THE EXTRAORDINARY GENERAL MEETING

The Board currently anticipates that the applicable percentage ratios (other than the profit ratio) for the Transactions on an annual basis will not be less than 2.5% and the annual consideration is expected to be higher than HK\$10,000,000. Therefore, the Transactions between Foshan Shakou and the Fuel Company under the New Fuel Supply Agreement constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules, and will accordingly be subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the approval of

LETTER FROM THE BOARD

the independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

No Shareholder is materially interested in the Transactions under the New Fuel Supply Agreement and as such, none of them would be required to abstain from voting at the Extraordinary General Meeting.

Set out on pages 31 to 32 of this circular is the Meeting Notice at which an ordinary resolution will be proposed to the Shareholders for the approval of the New Fuel Supply Agreement, the Transactions and the Annual Caps.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to article 73 of the articles of association of the Company, at any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hand unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (1) the chairman of the meeting; or
- (2) at least three Shareholders present in person or by proxy being entitled to vote at the meeting; or
- (3) any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (4) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring the right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Shareholder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders taken at a general meeting to approve connected transactions pursuant to Chapter 14A of the Listing Rules and transactions that are subject to independent shareholders' approval pursuant to the Listing Rules must be taken on a poll. Accordingly, the chairman of the Extraordinary General Meeting will demand that the ordinary resolution to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps in relation to the Transactions be decided by poll.

LETTER FROM THE BOARD

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains the recommendation from the Independent Board Committee to the Shareholders in relation to the New Fuel Supply Agreement, the Transactions and the Annual Caps; and (ii) the letter from Somerley dated 28 November 2005 set out on pages 17 to 25 of this circular which contains the advice from Somerley to the Independent Board Committee and the Shareholders in relation to the New Fuel Supply Agreement, the Transactions and the Annual Caps and the principal factors and reasons considered by Somerley in arriving at its advice.

Having taken into account the principal factors and reasons considered by, and the opinion and advice of Somerley as stated in its letter, the Independent Board Committee considers that the Transactions are in the ordinary and usual course of business of the Group and the terms of the New Fuel Supply Agreement are on normal commercial terms. The Independent Board Committee also considers that the terms of the New Fuel Supply Agreement and the Annual Caps are fair and reasonable so far as the Shareholders are concerned and the entering into of the New Fuel Supply Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps.

ACTION TO BE TAKEN

A form of proxy for use by the Shareholders at the Extraordinary General Meeting and at any adjourned meeting is enclosed with this circular. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's registered office at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjourned meeting or poll. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting, should you so wish.

LETTER FROM THE BOARD

GENERAL

The principal activity of the Company is investment holding. The principal business activities of the Group are the generation and the sale of electricity in Foshan City, Guangdong Province, the PRC. The Power Plant is owned and operated by Foshan Shakou.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Fuel Company is a state-owned enterprise established in the PRC and is wholly-owned by, and under the supervision of, Power Group Corporation, and the principal activity of the Fuel Company is the provision of fuel supply to the power plants in Guangdong Province, the PRC.

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully

By order of the Board

WING SHAN INTERNATIONAL LIMITED

HE Haochang

Chairman & Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



WING SHAN INTERNATIONAL LIMITED

榮山國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 570)

CONTINUING CONNECTED TRANSACTIONS NEW FUEL SUPPLY AGREEMENT

The Independent Board Committee:

CHAN Ting Chuen, David

NG Pui Cheung, Joseph

CHEUNG Kin Piu, Valiant

28 November 2005

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS NEW FUEL SUPPLY AGREEMENT

We refer to the circular of the Company to the Shareholders dated 28 November 2005 (the “Circular”), in which this letter forms part. Unless the context requires otherwise, terms used in this letter will have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Shareholders on whether the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps are fair and reasonable so far as the Company and the Shareholders are concerned.

We wish to draw your attention to the letter from Somerley as set out on pages 17 to 25 of the Circular and the letter from the Board as set out on pages 4 to 14 of the Circular.

Having taken into account, amongst other matters, the principal factors and reasons considered by, and the opinion and advice of Somerley as stated in its letter, we consider that the Transactions are in the ordinary and usual course of business of the Group and the terms of the New Fuel Supply Agreement are on normal commercial terms. We also consider that the terms of the New Fuel Supply Agreement and the Annual Caps are fair and reasonable so far as the Shareholders are concerned and the entering into of the New Fuel Supply Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps.

Yours faithfully

The Independent Board Committee of
WING SHAN INTERNATIONAL LIMITED

CHAN Ting Chuen, David

NG Pui Cheung, Joseph

CHEUNG Kin Piu, Valiant

Independent non-executive Directors

LETTER FROM SOMERLEY

The following is the letter of advice from Somerley to the Independent Board Committee and the Shareholders prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

Suite 2201, 22nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

28 November 2005

To the Independent Board Committee and the Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS NEW FUEL SUPPLY AGREEMENT

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps. Details of the New Fuel Supply Agreement, the Transactions and the Annual Caps are contained in a circular (the “Circular”) of the Company to the Shareholders dated 28 November 2005, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the section headed “Definitions” of the Circular.

The New Fuel Supply Agreement is entered into between Foshan Shakou and the Fuel Company. Foshan Shakou is owned as to 20% by Power Construction Corporation and 80% by Hensil. As both Power Construction Corporation and the Fuel Company are wholly and ultimately owned by Power Group Corporation, the Fuel Company is therefore a connected person (as defined under the Listing Rules) of the Company and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company has obtained the Waiver from the Stock Exchange from strict compliance with the relevant provisions of the then Listing Rules in respect of the transactions conducted under the 2002 Fuel Supply Agreement for the three financial years ending 31 December 2005. The Waiver and the 2002 Fuel Supply Agreement are both due to expire on 31 December 2005. As the Group will continue to conduct the Transactions, the Directors propose to seek Shareholders’ approval of the Transactions subject to the Annual Caps which will be conducted in the three financial years ending 31 December 2008. Save for Power Construction Corporation’s 20% shareholding in Foshan Shakou, Power Construction Corporation and the Fuel Company do not have any shareholding interests in the Company and are otherwise independent from the directors, substantial shareholders and chief executives of the Company and its subsidiaries and their respective associates (as defined under the Listing Rules). As all Shareholders, including the substantial Shareholders and Directors who have shareholding in the Company, have the same interests in the New Fuel

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Supply Agreement, no Shareholder is required to abstain from voting at the Extraordinary General Meeting to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps.

The Independent Board Committee comprising the independent non-executive Directors, namely, Messrs Chan Ting Chuen, David, Ng Pui Cheung, Joseph and Cheung Kin Piu, Valiant, has been established to advise the Shareholders as regards the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps. We have been appointed to advise the Independent Board Committee and the Shareholders in this respect. In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that the information, facts and opinion made to us are true and accurate. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have also assumed that all representations contained or referred to in the Circular were true at the date of the Circular and will continue to be true at the date of the Extraordinary General Meeting. We have, however, not conducted any independent investigation into the business and affairs of the Group or the Fuel Company, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the New Fuel Supply Agreement, the Transactions and the Annual Caps are fair and reasonable in so far as the Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background and reasons for entering into the New Fuel Supply Agreement

The principal activities of the Group are the generation and sale of electricity in Foshan City, Guangdong Province, the PRC through its 80% indirectly-owned subsidiary, Foshan Shakou.

The Company acquired its 80% indirect interest in Foshan Shakou in early 1998. Foshan Shakou owns and operates the Power Plant. All electricity generated by the Power Plant is sold to Guangdong Power Grid Company, Foshan Power Supply Bureau. The Fuel Company has been supplying Foshan Shakou the fuel required for electricity generation (i.e. heavy oil and diesel oil) since the commencement of the operation of the Power Plant.

On 24 December 2002, the Stock Exchange granted, subject to certain conditions, the Waiver to the Company from strict compliance with the relevant disclosure requirements pursuant to the then Listing Rules in respect of the transactions conducted under the 2002 Fuel Supply Agreement during the three financial years ending 31 December 2005. The Waiver and the 2002 Fuel Supply Agreement are both due to expire on 31 December 2005. Foshan Shakou and the Fuel Company have on 9

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November 2005 entered into the New Fuel Supply Agreement for a term of three years commencing from 1 January 2006, whereby the Fuel Company agrees to continue to supply fuel to Foshan Shakou on terms and conditions similar to those of the 2002 Fuel Supply Agreement.

Since the Board currently anticipates that the applicable percentage ratios (other than the profit ratio) for the Transactions on an annual basis will not be less than 2.5% and the annual consideration is expected to be higher than HK\$10,000,000, the Transactions constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules. The Directors therefore consider that it is in the commercial interest of the Company to seek approval from the Shareholders of the Transactions which will be conducted in the three financial years ending 31 December 2008 up to the limits specified in the Annual Caps.

The Board considers that the entering into of the New Fuel Supply Agreement is essential to the continual operation of Foshan Shakou, as it ensures a stable, high quality and economical supply of fuel to Foshan Shakou at the lowest possible price comparing with those prices the Group could obtain from other independent supplier(s). The Fuel Company is the operator of the largest fuel storage facilities in close proximity to the Power Plant. The Directors advised us that the Fuel Company has in the past supplied fuel required by the Power Plant on an uninterrupted basis. The Directors further advised us that the other local fuel suppliers are relatively small in size and unlikely to meet the fuel demand of Foshan Shakou. Based on the above, we are of the view that the entering into of the New Fuel Supply Agreement, which will enable Foshan Shakou to secure a stable supply of fuel from a reliable fuel supplier, is in the interest of the Group.

2. Principal terms of the New Fuel Supply Agreement

(i) Volume of fuel to be purchased

According to the New Fuel Supply Agreement, the Fuel Company will make available to Foshan Shakou 330,000 tonnes of fuel for the year ending 31 December 2006. The scheduled volume of fuel for each subsequent year will be agreed between Foshan Shakou and the Fuel Company before the end of the immediate preceding year. The scheduled volume is an indicative figure only, as Foshan Shakou has no obligation to purchase the scheduled volume of fuel from the Fuel Company in any given year.

In each year during the term of the New Fuel Supply Agreement, the Fuel Company will use its best endeavours to supply fuel requested by Foshan Shakou in excess of the scheduled volume. The Fuel Company may sell and deliver fuel to other parties provided that it does not affect the Fuel Company's ability to deliver the scheduled volume of fuel to Foshan Shakou plus any additional amount of fuel as may be required by Foshan Shakou from time to time pursuant to the New Fuel Supply Agreement.

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As the Fuel Company is in close proximity to the Power Plant, it delivers heavy oil and diesel oil to the Power Plant through pipelines. Foshan Shakou will only purchase fuel from the Fuel Company as and when required. The above term of the New Fuel Supply Agreement, which enables Foshan Shakou to secure a stable source of supply of fuel while at the same time allows Foshan Shakou to maintain flexibility in the volume of fuel to be purchased and minimise the storage costs involved, is in the interests of the Group.

(ii) Pricing and payment terms of fuel to be purchased

Pursuant to the New Fuel Supply Agreement, the price payable by Foshan Shakou for the fuel delivered will be determined by Foshan Shakou and the Fuel Company at the time of placing purchase order, but in any event will not be higher than (i) the then prevailing market price for sales of fuel by the Fuel Company to Independent Third Parties; or (ii) the then quotation of price of the fuel that Foshan Shakou could obtain from other independent supplier(s), whichever is the lower. As stipulated in the New Fuel Supply Agreement, Foshan Shakou has to settle the purchases within 30 days immediately after the fuel has been received by and inspected to the satisfaction of Foshan Shakou. We noted that for purchases with Independent Third Parties, the Power Plant is required to make payment within 25 days after the receipt of the fuel. Based on the above, we consider that the terms of the New Fuel Supply Agreement are in the interest of the Group as they allow Foshan Shakou to purchase fuel from a reliable supplier on competitive pricing and credit terms.

3. Basis of the Annual Caps

The Transactions are subject to the terms and conditions as more particularly discussed under the section headed “Conditions of the Transactions” below. In particular, the Transactions are subject to the Annual Caps for each of the three financial years ending 31 December 2008, which are RMB1,256,440,520 (equivalent to approximately HK\$1,208,116,000), RMB1,327,819,110 (equivalent to approximately HK\$1,276,749,000) and RMB1,589,380,919 (equivalent to approximately HK\$1,528,251,000) respectively.

In assessing the reasonableness of the Annual Caps, we have discussed with the Directors the basis and assumptions underlying the projections for the power generating capacity and fuel consumption of the Power Plant and the fuel prices for the purpose of setting the Annual Caps. The Directors advised us that the Annual Caps for the Transactions were determined with reference to, among other things, (i) the historical fuel consumption of the Power Plant and fuel prices; (ii) the projection of power generating capacity and fuel consumption of the Power Plant; and (iii) the expected fuel prices.

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(i) Review of the Past Transactions

As a condition to the Waiver, the auditors of the Company (the “Auditors”) have performed annual review of the transactions under the 2002 Fuel Supply Agreement for the past two financial years ended 31 December 2004 (the “Past Transactions”). We have discussed with the Auditors on their scope of review in respect of the Past Transactions. We are given to understand that the Auditors had compared the purchase price of samples of the Past Transactions with (i) the price offered by the Fuel Company to other independent customers; and (ii) the quotation provided by independent fuel supplier to the Group. The Auditors had also assessed the reasonableness of the purchase price by comparing it against the market trend of fuel prices. The Auditors have confirmed to the Board that the Past Transactions had been conducted in accordance with the terms of the 2002 Fuel Supply Agreement and the pricing policies as stated in the Group’s financial statements.

The following table sets out the approximate value of the total fuel purchases by the Group from the Fuel Company for each of the two years ended 31 December 2004 and the ten months ended 31 October 2005, and the estimated purchases for the two months ending 31 December 2005. The figure for the two months ending 31 December 2005 is estimated by the Directors based on the actual purchase orders that have already been placed with the Fuel Company, the estimated orders to be placed with the Fuel Company with reference to the actual fuel consumption so far in 2005, and the latest price quoted by the Fuel Company. We consider such basis to be fair and reasonable.

	For the year ended 31 December 2003	For the year ended 31 December 2004	For the ten months ended 31 October 2005	For the two months ending 31 December 2005	For the year ending 31 December 2005
Total fuel purchases (RMB)	542,667,082	648,918,587	653,866,106	170,932,615	824,798,721
Approximate increase as compared to previous year (%)		19.6			27.1

The fuel consumption for each of the two years ended 31 December 2004 was approximately 299,693 tonnes and 332,347 tonnes respectively for heavy oil, and approximately 1,276 tonnes and 663 tonnes respectively for diesel oil. As the Power Plant underwent a major overhaul in the first quarter of 2003, less heavy oil was consumed during the year for power generation, but more diesel oil was consumed to restart the power generating equipment after the overhaul. The power generating capacity and fuel consumption of the Power Plant resumed to its normal level in 2004. Due to the increase in crude oil price, the average price per tonne of heavy oil purchased by the Power Plant rose by approximately 8.2%

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from approximately RMB1,798 in 2003 to RMB1,946 in 2004, while the average purchase price for diesel oil increased by approximately 9.4% from RMB2,993 to RMB3,275 per tonne. As a result of the increases in both the fuel consumption and the average unit price of fuel, the total fuel purchases increased by approximately 19.6% in 2004 as compared to 2003. Total tonnage of heavy oil purchased during the ten months ended 31 October 2005 was approximately 260,113 tonnes, which is comparable to the level in the corresponding period in 2004. Total purchases of diesel oil for the ten months ended 31 October 2005 amounted to approximately 762 tonnes. The average unit price of heavy oil and diesel oil further surged to RMB2,406 and RMB3,980 per tonne for the eight months ended 31 August 2005, and to RMB2,864 and RMB4,533 per tonne for the two months ended 31 October 2005. Such surge in fuel price contributes to the increase of the total purchases in 2005.

(ii) Projection for the Transactions

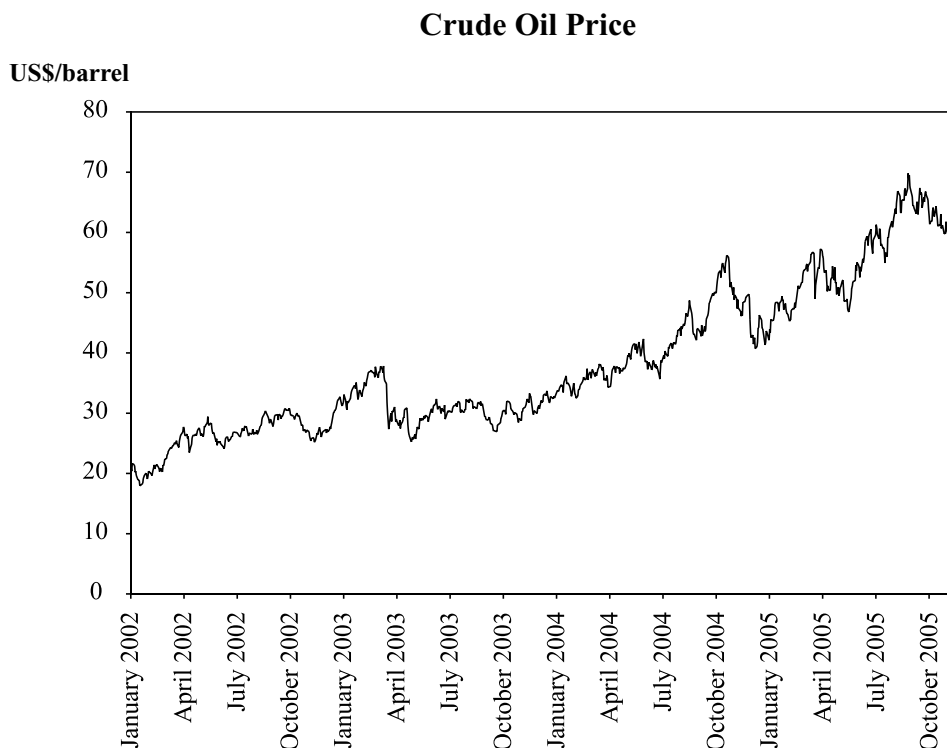
Set out below is the fuel consumption of the Power Plant and the fuel prices estimated by the Directors for each of the three years ending 31 December 2008.

	For the year ending 31 December		
	2006	2007	2008
Approximate fuel consumption			
(tonnes)			
Heavy oil	332,101	304,426	332,101
Diesel oil	750	1,200	750
Approximate average unit price			
of fuel (RMB/tonne)			
Heavy oil	3,770	4,335	4,769
Diesel oil	5,893	6,777	7,455
Approximate total purchases of			
fuel (RMB)			
Heavy oil	1,252,020,770	1,319,686,710	1,583,789,669
Diesel oil	4,419,750	8,132,400	5,591,250
The Annual Caps (RMB)	<u>1,256,440,520</u>	<u>1,327,819,110</u>	<u>1,589,380,919</u>

The Directors currently estimate that the projected power generating capacity and fuel consumption of the Power Plant for each of the two years ending 31 December 2006 and 2008 will be roughly the same as that for the year ended 31 December 2004. As there is a scheduled major overhaul of the Power Plant in 2007, the Directors estimate that the projected power generating capacity of the Power Plant and consumption of heavy oil will drop by approximately 8.3% for the year ending 31 December 2007 as compared to that of 2006, while the consumption of diesel oil will increase to a level similar to that in 2003 when a major overhaul was also undertaken.

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Both heavy oil and diesel oil are derived from crude oil and their prices are driven principally by crude oil price. Due to various factors, crude oil price has been rising substantially during 2004 by approximately 26.5% from approximately US\$34 per barrel in early 2004 to approximately US\$43 per barrel in late 2004. Crude oil price reached its record high of approximately US\$69 per barrel in late August 2005. The latest available crude oil price of approximately US\$58 per barrel represented an approximately 38% rise from approximately US\$42 per barrel in early January 2005. The chart below illustrates the fluctuation in crude oil price per barrel since January 2002:



Source: Bloomberg

In light of the trend of crude oil price since 2004, the Board expects that the surge in prices may continue into 2006 but will gradually slow down in 2007 and 2008. For the purpose of setting the Annual Caps, the Board projects an increase in the prices of heavy oil and diesel oil in 2006 by approximately 30% from prices in around early November 2005, and further by approximately 15% and 10% in 2007 and 2008 respectively. We consider it reasonable for the Directors to build in such increases in fuel prices in view of the recent surge in crude oil price as described above.

Having taken into consideration the above factors, we consider that the Annual Caps for each of the three years ending 31 December 2006, 2007 and 2008 provide comfortable margins for the Group to cater for future purchases of fuel from the Fuel Company and are fair and reasonable.

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4. Conditions of the Transactions

It is the conditions of the Transactions that:

- (a) the Transactions will be entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms, or where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than those available from Independent Third Parties; and
 - (iii) in accordance with the New Fuel Supply Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the relevant amount of Transactions for each of the three financial years ending 31 December 2008 shall not exceed the relevant Annual Caps (as described above);
- (c) the independent non-executive Directors shall review annually the Transactions and confirm in the Company's corresponding annual report that the Transactions have been conducted in the manner as stipulated in paragraph (a) above;
- (d) the Auditors shall review annually the Transactions and confirm in a letter to the Directors (a copy of which shall be provided to the Stock Exchange) whether such Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the New Fuel Supply Agreement governing the Transactions; and
 - (iv) have not exceeded the relevant Annual Caps;
- (e) the Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or the Auditors will not be able to confirm the matters set out in the paragraph(s) (a), (c) and/or (d) respectively; and
- (f) each of the member company of the Group shall provide to the Stock Exchange an undertaking and shall procure that the relevant counterparties to the Transactions that, for so long that the Shares are listed on the Stock

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Exchange, it will provide the Auditors with sufficient access to the relevant records for the purpose of the Auditors' review of the Transactions referred to in paragraph (d) above.

In light of the conditions attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the Auditors of the terms of the Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions and safeguard the interests of the Shareholders.

OPINION

Having taking into account the above principal factors, we consider that the Transactions are in the ordinary and usual course of business of the Group and the terms of the New Fuel Supply Agreement are on normal commercial terms. We also consider that the terms of the New Fuel Supply Agreement and the Annual Caps are fair and reasonable so far as the Shareholders are concerned and the entering into of the New Fuel Supply Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the New Fuel Supply Agreement, the Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Beatrice Lung
Director – Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions held by the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

Long Positions in Shares and underlying Shares

Name of Director	Personal interests (held as beneficial owner)	Number of Shares and underlying Shares held			Approximate percentage of the Company's total issued share capital
		Corporate interests (interests of controlled corporation)	Underlying Shares pursuant to share options (Note 2)	Total interests	
HE Haochang	–	6,117,079 (Note 1)	4,200,000	10,317,079	1.24%
SITU Min	–	–	3,800,000	3,800,000	0.46%
LI Feng	–	–	1,500,000	1,500,000	0.18%
CHAN Ting Chuen, David	828,000	–	–	828,000	0.10%
NG Pui Cheung, Joseph	–	–	828,000	828,000	0.10%

Notes:

- These Shares were held by Main Fortune International Limited which is 50% owned by Mr. HE Haochang.
- These represent interests of options granted to the Directors under the share option scheme of the Company adopted by the Company on 22 May 2002.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the interests of certain Directors disclosed above, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as was known to the Directors or the chief executives of the Company, as at the Latest Practicable Date, the following persons or corporations (other than Directors or the chief executives of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group and the amount of each of such person's/corporation's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

The Company

Name of substantial shareholder	Interests in Shares				Approximate percentage of the Company's total issued share capital
	Personal Interest	Corporate Interest	Family Interest	Other Interest	
Hensil Investments Group Limited	–	315,000,000 (Note 1)	–	–	37.95%
Foshan Development Company Limited	–	315,000,000 (Note 1)	–	–	37.95%
YIP Siu Chun	290,196,037 (Note 2)	–	–	–	34.96%
Oakwood Enterprise Limited	–	–	–	290,196,037 (Note 2)	34.96%
KWAN Tik Hoi	–	–	290,196,037 (Note 2)	–	34.96%

Notes:

1. The 315,000,000 Shares were held by Hensil Investments Group Limited, which is wholly-owned by Foshan Development Company Limited. By virtue of its interest in Hensil Investments Group Limited, Foshan Development Company Limited was deemed to be interested in such 315,000,000 Shares held by Hensil Investments Group Limited.
2. The 290,196,037 Shares were held by Madam YIP Siu Chun as beneficial owner. Oakwood Enterprise Limited had given notification in respect of its interest in 290,196,037 Shares held by Madam YIP Siu Chun. By virtue of his relationship as the spouse of Madam YIP Siu Chun, Mr. KWAN Tik Hoi was deemed to be interested in such 290,196,037 Shares held by Madam YIP Siu Chun.

Save as disclosed above, as at the Latest Practicable Date, the Directors or the chief executives of the Company were not aware of any other persons or corporations (other than a Director or the chief executive of the Company and the respective companies controlled by them whose interests have been disclosed above) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or in any options in respect of such capital.

The subsidiary of the Company

Name of subsidiary	Name of shareholder	% of interest held
Foshan Shakou	Power Construction Corporation (<i>Note</i>)	20%

Note: Power Construction Corporation is wholly-owned by Power Group Corporation.

4. DIRECTORS' SERVICE CONTRACTS

Each of Mr. HE Haochang, Mr. LAM Siu Hung and Mr. SITU Min has entered into a service contract with the Company for an initial term of two years commencing from 19 July 2001, 4 July 2005 and 1 March 2003 respectively, which term would continue thereafter until terminated by either party thereto giving to the other not less than six months' prior notice in writing, which notice period shall not expire at any time during the first two years.

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

5. LITIGATION

So far as the Directors were aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against any members of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competed or was likely to compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

As disclosed in the 2004 Annual Report of the Company, the Company had made a loss (after taxation) of approximately HK\$55,857,000 for the year ended 31 December 2004. As disclosed in the 2005 Interim Report of the Company, the Company had made a loss (after taxation) of approximately HK\$121,819,000 for the six months ended 30 June 2005. Save as disclosed aforesaid, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial and trading position of the Company since 31 December 2004, being the date to which the latest published audited financial statements of the Company were made up.

8. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2004, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

9. EXPERT

The letter and advice given by Somerley are given as at the date of this circular for incorporation in this circular. Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley was not interested in any Shares or shares in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any asset which had been, since 31 December 2004, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (a) The Company's registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The company secretary of the Company is Mr. HUEN Po Wah who is a director of Fair Wind Secretarial Services Limited and has 25 years' experience in the company management and secretarial fields. He is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators.
- (c) The qualified accountant of the Company is Mr. SITU Min who is a member of the Association of Chartered Certified Accountants and also a member of the Chinese Institute of Certified Public Accountants.
- (d) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong during normal business hours up to and including 12 December 2005:

- (a) the 2002 Fuel Supply Agreement;
- (b) the New Fuel Supply Agreement;
- (c) the letter from Somerley, the text of which is set out in this circular; and
- (d) the consent letter of Somerley referred to in the section headed "Expert" in this Appendix.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



WING SHAN INTERNATIONAL LIMITED

榮山國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 570)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Wing Shan International Limited (the “Company”) will be held at the Company’s registered office at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Wednesday, 14 December 2005 at 11 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) an agreement dated 9 November 2005 (the “New Fuel Supply Agreement”) made between (i) Foshan Shakou Power Plant Company Limited (佛山市沙口發電廠有限公司) as the purchaser and (ii) Foshan City District Electricity Fuel Supply Company (佛山市區電力燃料公司) as the supplier, in relation to, among other things, the sale and purchase of fuel, a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder (the “Transactions”) be and are hereby approved, ratified and confirmed;
- (b) the proposed maximum aggregate annual values of the Transactions of RMB1,256,440,520, RMB1,327,819,110 and RMB1,589,380,919 respectively for each of the three financial years ending 31 December 2008 (collectively, the “Annual Caps”) be and are hereby approved; and

the directors of the Company be and are hereby authorised on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement and/or to give effect to the New Fuel Supply Agreement, the Transactions and the Annual Caps.”

By order of the Board

WING SHAN INTERNATIONAL LIMITED

HE Haochang

Chairman & Managing Director

Hong Kong, 28 November 2005

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Registered Office:

Rooms 2801-2805
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Notes:

- (1) The ordinary resolution to be considered at the extraordinary general meeting will be decided by poll. On voting by poll, each shareholder of the Company shall have one vote for each share held in the Company.
- (2) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more persons as his proxy(ies) to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company at Rooms 2801-2805, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjourned meeting or poll.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or poll and in such an event, the form of proxy shall be deemed to be revoked.
- (5) As at the date of this notice, the board of directors of the Company comprises of seven Directors, of whom Mr. HE Haochang, Mr. LAM Siu Hung, Mr. SITU Min and Mr. LI Feng are the executive Directors; and Mr. CHAN Ting Chuen, David, Mr. NG Pui Cheung, Joseph and Mr. CHEUNG Kin Piu, Valiant are the independent non-executive Directors.