

# Directors' Report

KEE SHING (HOLDINGS) LIMITED

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st December, 2003.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2003 are set out in the consolidated income statement on page 22.

An interim dividend of 1.5 cents per share, amounting to approximately HK\$6,683,000, was paid to the shareholders of the Company during the year. The directors now recommend the payment of a final dividend of 2.5 cents per share to the shareholders of the Company whose names appear on the register of members on 28th May, 2004, amounting to approximately HK\$11,137,500.

## INVESTMENT PROPERTIES

All of the investment properties of the Group were revalued at 31st December, 2003, as set out in note 14 to the financial statements. The resulting surplus arising on revaluation, which amounted to HK\$5,290,000, has been credited to the consolidated income statement.

Particulars of the investment properties of the Group as at 31st December, 2003 are set out on page 52.

## PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

## DIRECTORS AND SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

### Executive directors:

Leung Shu Wing – *Chairman*  
Leung Miu King  
Wong Chi Kin  
Wong Choi Ying

### Non-executive directors:

Yuen Tin Fan, Francis  
Kwan Hing Hin, Stephen (resigned on 13th January, 2004)

### Independent non-executive directors:

Leung Ding Bong, Ronald  
Wong Kong Chi  
Ng Hon Ying (appointed on 30th September, 2003)

In accordance with Article 99 of the Company's Articles of Association, Mr. Ng Hon Ying retire and, being eligible, offer himself for re-election.

In accordance with Article 116 of the Company's Articles of Association, Ms. Leung Miu King, Messrs. Wong Chi Kin and Wong Kong Chi retire by rotation and, being eligible, offer themselves for re-election.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

## DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31st December, 2003, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinances ("SFO Ordinances"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Mode Code for Securities Transactions by the Directors of Listed Companies, were as follows:

### Long positions

(a) Ordinary shares of HK\$0.05 each in the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Leung Shu Wing	Beneficial owner	184,691,075	41.457%
Yuen Tin Fan, Francis	Held by controlled corporation (Note 1)	26,984,000	6.057%
	Founder of discretionary trust (Note 2)	74,770,000	16.783%
		101,754,000	22.840%
Leung Miu King	Beneficial owner	20,634,000	4.632%
Kwan Hing Hin, Stephen	Beneficial owner	5,000,000	1.122%
Wong Chi Kin	Beneficial owner	767,000	0.172%
Wong Choi Ying	Beneficial owner	9,500	0.002%
		312,855,575	70.225%

### Notes:

- 26,984,000 shares in the Company are owned by Tien Fung Hong Group Limited, a company which is 60% owned by Mr. Yuen Tin Fan, Francis.
- 74,770,000 shares in the Company are owned by TF Yuen Trust. Mr. Yuen Tin Fan, Francis is the founder who has set up the TF Yuen Trust.

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(b) *Non-voting preferred shares in the Company's subsidiaries*

Name of subsidiary	Name of director	Capacity	Number of non-voting preferred shares	Percentage of the non-voting preferred share capital of the company
Kee Shing Hardware Supplies Limited	Wong Chi Kin	Beneficial owner	400,000	100%
Kee Shing Industrial Products Limited	Leung Shu Wing	Beneficial owner	7,000	70%
	Kwan Hing Hin, Stephen	Beneficial owner	2,000	20%
Sam Wing International Limited	Leung Shu Wing	Beneficial owner	19,440	90%

Save as disclosed above, at 31st December, 2003, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its subsidiaries or associated corporation as defined in the SFO Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

## SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain directors disclosed under the heading "Directors' Interest in Shares, Underlying Shares and Debentures" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO Ordinance discloses no other person as having a notifiable interest or a short position in the issued share capital of the Company as at 31st December, 2003.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2003, the aggregate turnover attributable to the Group's five largest customers was less than 30% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 92% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 45% of the total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board  
**LEUNG SHU WING**  
*Chairman*

26th March, 2004