

The Directors (the “Directors”) of Wang Sing International Holdings Group Limited (the “Company”) present their annual report and the audited financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2003.

### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The activities of its subsidiaries and associate are set out in notes 17 and 18 respectively to the financial statements.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31 December 2003 are set out in the consolidated income statement on page 29.

An interim dividend of HK1 cent per share amounting to HK\$3,360,000 was paid to the shareholders during the year.

The Directors now recommend the payment of a final dividend of HK0.5 cent per share to shareholders whose names appear on the register of members on 7 July 2004, amounting to HK\$2,013,000.

### **MAJOR SUPPLIERS AND CUSTOMERS**

The top five suppliers of the Group accounted for less than 30% of the Group’s total purchases for the year.

The largest and the top five customers of the Group accounted for about 37% and 67% respectively of the Group’s total turnover for the year.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) have an beneficial interest in any of the Group’s five largest suppliers or customers during the year.

### **PROPERTY, PLANT AND EQUIPMENT**

During the year, the Group acquired property, plant and equipment of approximately HK\$33,733,000. Construction in progress of approximately HK\$11,503,000 was completed and transferred to the buildings and computer equipment.

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

### **SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 28 to the financial statements.

### RESERVES

Details of movements during the year in the reserves of the Company and of the Group are set out in note 29 to the financial statements and page 33 of the annual report respectively.

### DIRECTORS

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

#### **Executive Directors:**

Chen Wai Yuk

Wang Shu

Chen Wai Wah

#### **Independent Non-executive Directors:**

Ho Hao Veng

Wei Tong Li

In accordance with the provisions of the Company's articles of association, Chen Wai Wah shall retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offers herself for re-election.

The term of office of each Independent Non-executive Directors is the period up to his retirement by rotation in accordance with the Company's articles of association.

### DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting of the Company 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.

### DIRECTORS' INTEREST IN CONTRACTS

Other than those disclosed in notes 2 and 38 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

At 31 December 2003, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code of Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

### Long positions

Ordinary shares of HK\$0.10 each in the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of Company
Chen Wai Yuk	Held by controlled corporation	222,000,000 (a)	64%
Wang Shu	Held by spouse	222,000,000 (b)	64%

(a) These shares were held by Twinning Wealth Limited, the entire issued share capital of which is beneficially owned by Chen Wai Yuk.

(b) Wang Shu is deemed to be interested in 222,000,000 shares of the Company, being the interests held beneficially by his spouse, Chen Wai Yuk.

Chen Wai Yuk beneficially owned one share of US\$1 in Twinning Wealth Limited, an associated corporation (within the meaning of the Section 352 of the SFO) of the Company, representing the entire issued share in Twinning Wealth Limited.

Other than as disclosed above, none of the Directors nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

The Company operates a share option scheme ("Share Option Scheme") for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include (i) any employee or proposed employee (whether full time or part time, including any Executive Director but not any Non-executive Director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds any equity interest; (ii) any Non-executive Director or proposed Non-executive Director (including Independent Non-executive Director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier or potential supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer or potential customer of the Group or any Invested Entity; (v) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; and (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development. The Share Option Scheme became effective on 26 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from its date of adoption on 11 April 2002.

As at the date of this annual report, the total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group is 33,600,000, representing 10% of the issued share capital of the Company as at the date of listing of the Company's shares on the Stock Exchange. The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the Independent Non-executive Directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares as at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

### **SHARE OPTION SCHEME** (continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of a Company's share.

As at the date of this report, no share option has been offered and/or granted to any eligible participants under the Share Option Scheme.

Any options to be granted under the Share Option Scheme would not be recorded in the Company's or the Group's balance sheet until such time as the share options were exercised, and no charge would be recorded in the income statement or the balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued would be recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares would be recorded by the Company in the share premium account. Share options which were cancelled prior to their exercise dates would be deleted from the register of outstanding shares options.

Information on the Share Option Scheme is also set out in note 36 to the financial statements.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Other than in the section headed "Share Options Scheme" disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

### CONNECTED TRANSACTIONS

In September 2003, one of the subsidiaries of the Company, Jiangsu Golden Harbour Enterprise Ltd. ("Golden Harbour") entered into the a settlement agreement with Weng Shao Bo, a former director, to resolve the disputes between them arising from the breaches and termination of the subcontracting agreements, details of which are set out in note 2 to the financial statements.

The Independent Non-executive Directors confirm that the transaction has been entered into by the Company in the ordinary course of its business and in accordance with the terms of the agreement governing such transactions.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of the relevant interests in the issued share capital of the Company:

<b>Name</b>	<b>Number of shares beneficially held</b>	<b>Percentage of holding</b>
Twining Wealth Limited	222,000,000	64%

Save as disclosed above, the Company has not been notified of any other relevant interest or short positions in the shares or underlying shares of the Company as required under Section 336 of the SFO as at 31 December 2003.

### FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 65.

### CORPORATE GOVERNANCE

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

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

### **POST BALANCE SHEET EVENTS**

Details of significant events occurring after the balance sheet date are set out in note 40 to the financial statements.

### **AUDITORS**

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

On behalf of the Board

**Chen Wai Yuk**

*Chairman*

20 April 2004