



KEE SHING

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2003

ANNUAL
REPORT

Corporate Information

KEE SHING (HOLDINGS) LIMITED

BOARD OF DIRECTORS

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, FRCP, AIB, OBE, JP

Wong Kong Chi

Ng Hon Ying (Appointed on 30th September, 2003)

AUDIT COMMITTEE

Wong Kong Chi – *Chairman*

Ng Hon Ying (Appointed on 23rd October, 2003)

Leung Ding Bong, Ronald, FRCP, AIB, OBE, JP

Kwan Hing Hin, Stephen (Resigned on 13th January, 2004)

COMPANY SECRETARY

Wong Choi Ying

SOLICITORS

Herbert Smith

AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS

Standard Registrars Limited

28th Floor, BEA Harbour View Centre

56 Gloucester Road

Wanchai, Hong Kong

REGISTERED OFFICE

3rd Floor, Kee Shing Centre

74-76 Kimberley Road

Tsimshatsui, Kowloon

Financial Highlights

KEE SHING (HOLDINGS) LIMITED

	2003 HK\$'000	2002 HK\$'000	Change
INCOME STATEMENTS			
Turnover	1,224,230	1,072,821	+14.1%
Operating Profit	71,047	17,542	+305.0%
Profit Attributable to Shareholders	38,707	4,152	+832.25%
Dividends	13,365	11,138	+20.0%
BALANCE SHEETS			
Total Assets	934,586	826,708	+13.0%
Total Borrowings	239,972	179,040	+34.0%
Shareholders' Funds	606,775	581,134	+4.4%
CASH FLOW			
Cash Generated from Operating Activities	17,810	187	+9,424.1%
Working Capital	273,577	270,944	+1.0%
Capital Expenditure	2,132	1,145	+86.2%
Earning Per Share	8.69¢	0.93¢	+834.41%
Dividend Per Share	3.0¢	2.5¢	+20.0%
Shareholders' Fund Per Share	1.36	1.30	+4.6%
Interest Cover	13.17X	2.95X	n.a.
Dividend Cover	2.90X	0.37X	n.a.

Note:

1. Earning per share is calculated by dividing profit attributable to shareholders by 445,500,000 shares in issue during 2003 (2002: 445,500,000 shares).
2. Interest Cover is calculated by dividing profit attributable to shareholders before tax, minority interest and interest charges by interest charges.
3. Dividend Cover is calculated by dividing Earning Per Share by Dividend Per Share.

Ten Year Financial Summary

KEE SHING (HOLDINGS) LIMITED

CONSOLIDATED INCOME STATEMENT

	For the year ended 31st December,					
	1994 HK\$'000	1995 HK\$'000	1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	1999 HK\$'000
TURNOVER	924,052	1,066,896	1,559,027	2,096,755	1,826,177	1,223,055
PROFIT BEFORE TAXATION	86,993	37,889	53,121	31,027	82,050	85,669
TAXATION	(5,496)	(5,945)	(5,446)	(8,447)	(7,540)	(6,810)
PROFIT BEFORE MINORITY INTERESTS	81,497	31,944	47,675	22,580	74,510	78,859
MINORITY INTERESTS	(4,824)	(2,659)	(3,890)	(2,383)	(5,002)	(827)
NET PROFIT FOR THE YEAR	76,673	29,285	43,785	20,197	69,508	78,032

CONSOLIDATED BALANCE SHEET

	As at 31st December,					
	1994 HK\$'000	1995 HK\$'000	1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	1999 HK\$'000
TOTAL ASSETS	523,039	594,196	716,225	760,661	785,566	800,560
TOTAL LIABILITIES	(128,218)	(120,352)	(213,686)	(273,912)	(252,355)	(220,520)
MINORITY INTERESTS	(18,840)	(21,311)	(21,015)	(19,587)	(21,210)	(16,726)
EQUITY	375,981	452,533	481,524	467,162	512,001	563,314

Note:

- (1) The above financial summary prior to 1997 has not been adjusted to take into account the effect on the adoption of SSAP 24 "Accounting for investments in securities" issued by the Hong Kong Society of Accountants ("HKSA") as the directors considered that it is not practicable to do so.
- (2) The above financial summary prior to 2002 has not been adjusted to take into account the effect on the adoption of SSAP 12 (Revised) "Income taxes" issued by HKSA as the directors considered that it is not practicable to do so.

KEY DATA

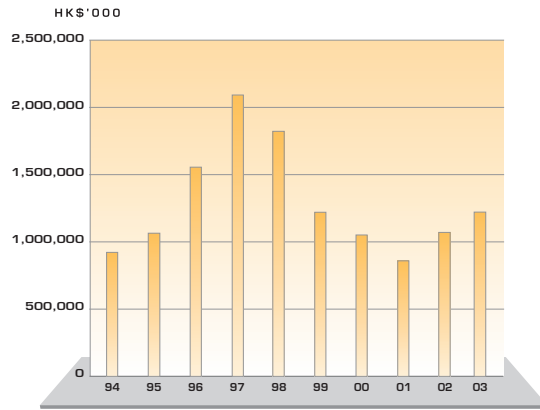
	1994	1995	1996	1997	1998	1999
Interest cover (times)	16.73	5.66	7.97	5.04	9.61	13.70
Dividends per share (cents)	5.00	4.00	4.00	4.00	6.00	6.50
Earnings per share (cents)	20.70	7.80	9.80	4.50	15.60	17.50
Net assets per share (HK\$)	1.01	1.02	1.08	1.05	1.15	1.26
Gearing	0.13	0.13	0.20	0.27	0.35	0.25

Ten Year Financial Summary

KEE SHING (HOLDINGS) LIMITED

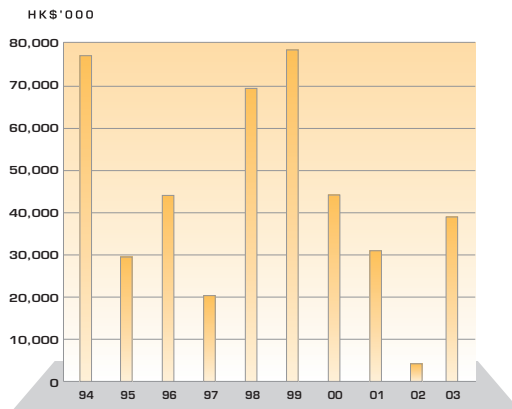
2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
1,053,704	860,920	1,072,821	1,224,230
48,208	36,524	8,527	46,300
(2,946)	(4,640)	(3,884)	(6,029)
45,262	31,884	4,643	40,271
(1,384)	(1,128)	(491)	(1,564)
43,878	30,756	4,152	38,707

Turnover



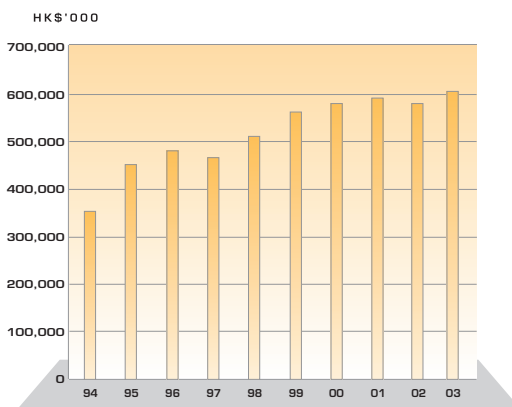
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Net Profit



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Equity



2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
795,298	796,002	826,708	934,586
(197,432)	(188,002)	(229,503)	(310,219)
(16,700)	(15,263)	(16,071)	(17,592)
581,166	592,737	581,134	606,775

2000	2001	2002	2003
4.83	7.21	2.95	13.17
5.00	2.50	2.50	3.00
9.80	6.90	0.93	8.69
1.30	1.33	1.30	1.36
0.25	0.23	0.31	0.40

Chairman's Statement

KEE SHING (HOLDINGS) LIMITED

The Group's consolidated profit attributable to shareholders for the year ended 31st December, 2003 increased to HK\$38.7 million compared to HK\$4.2 million for the year ended 31st December, 2002. Affected by the Iraq war and the unprecedented SARS outbreak in Asian region during the first half year, contribution from the trading business was encouraging mainly due to significant demand growth in China and substantial rise in commodity prices in the second half year of 2003. Property rental business remained stable. With notable improvement in equities and bonds markets in the second half of 2003, the Group reduced total equities holdings but increased the amount of corporate debt securities. Also, the Group diversified part of short term bank deposits into long term capital preservation financial products. As a result, the Group recorded a realized gain and unrealized gain of HK\$24.5 million in total during the year. At the year end, the Group recognized an impairment loss of HK\$20.5 million on the goodwill arising on acquisition of Asia Commercial Holdings Limited. Earning per share for 2003 posted HK8.69 cents (2002: HK 0.93 cent).

DIVIDEND

Interim dividend of HK1.5 cents per ordinary share was declared on 29th August, 2003. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the Board of Directors recommended a final dividend for 2003 of HK2.5 cents per ordinary share (2002: HK1.5 cents per ordinary share) payable on or before 23rd June, 2004 to shareholders whose names appear on the register of members of the Company as 28th May, 2004.

BUSINESS REVIEW

The Trading operation reported a segment result of HK\$35.9 million in 2003, representing a rise of 17.0% compared with HK\$30.7 million in 2002. Recovered from slow demand during the SARS period, the achievement of profit growth was built up from significant rise in commodities prices and large demand arising from China market. Suffering from constantly price competition, the Group was able to improve overall gross profit margin at the end of the year with anticipation of tighter supply of almost all kinds of materials in the last quarter of 2003. Strong demand from China continues in 2004. Facing the prospect of extremely volatile commodity prices, the Group believes prudent cost controlling is essential.

Hong Kong office occupancy level, however, could not recover after the SARS period and declining market rental dominated the market in 2003. On the contrary, residential and property market in Shanghai grew flourishingly, of which properties price and market rent all recorded satisfactory performance at the end of the year. A surplus gain of HK\$5.3 million on revaluation of investment properties was posted at the end of the year. In early 2004, one of the major tenants in the Group's Shanghai offices terminated its lease but most of the vacant area had been rented out before 31st March, 2004.

Looking past the gloomy years in global financial markets, overall environment becomes more promising since the second half year of 2003. Amid weakening in US dollars throughout the year, recent economic figures demonstrated solid global economic recovery was undergoing. Soaring stock prices and runaway economic expansion both in developed and emerging countries headed investors to seek for new opportunities in growing markets. For the year ended 2003, the Group recorded a realized gain of HK\$16.5 million and an unrealized gain of HK\$8.0 million in our securities investment division.

AUDIT COMMITTEE

The Group's audit committee has met three times in 2003 to review audit findings, accounting principles and practices adopted by the Group, and to discuss internal and external risk control area before submitting the management and financial reports to the Board of Directors for approval. The external auditors together with the Group's finance director and two senior management personnel have attended all meetings.

PROSPECTS

In 2004, we can see demand expansion from China persists, property market in Hong Kong rebounds and activities increase in financial markets. Fuelling from fast growing demand from Mainland China, tighter supply from upstream sources eases pressures from price competition among wholesaling industries. Being a long-term material supplier, our services play a key role in supporting stable supply to customers. With potential risk of unexpected volatility in commodity prices, we will cautiously manage inventory changes and purchasing strategies over the year. Also, we are continuously introducing new products into market so as to expand our product lines.

Hong Kong office demand shows slightly recovery in early of 2004 but declining market rents remain. Rental markets in Shanghai office and residential properties stay strong. With optimism on improving market sentiment and growth outlook in the near term, the Group will position the securities portfolio aiming for yield enhancement and sheltering any unexpected shock circumstances.

The Group remains confident to the prospects of economy growth in 2004 and will devote all strengths in pursuing further improvement in future.

LEUNG SHU WING

Chairman

Hong Kong, 26th March, 2004

Management Discussion and Analysis

KEE SHING (HOLDINGS) LIMITED

OPERATING ACTIVITIES

Trading Division

The principal trading activities of the Group and the contribution of each activity to the Group are summarized as below:

	Turnover		Segment Result	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Electroplating Materials and Chemicals	1,074,180	933,008	28,818	24,743
Paint & Coating Chemicals	90,012	91,580	3,120	3,762
Stainless Steel	39,046	30,096	3,951	2,194
Total	1,203,238	1,054,684	35,889	30,699

Electroplating Materials and Chemicals

Overall, 2003 was a good year for metal industries. Although we were suffered from decreased demand and aggressive price-cutting during the first half year, our performance was greatly improved in the second half due to continuous rises of metal prices and reduced stockpiles in Asian region. Aided by weakening US dollars and double-digit demand growth in China, prices of almost all metal that we traded advanced, ranging from 30% to more than 130%, throughout the year. The effect of diminishing gross profit margin was also narrowed down.

Business of precious metal-plating products performed worse-than-expected because of increasing competition arising from China-made products. After deregulation of Chinese government toward trading gold and silver, market shares of related imported goods were eroded by local competitors. Electroplating chemicals business, however, grew satisfactory as the Group focused on expanding imitation jewelry industry. Demand of plating nickel experienced volatile market conditions during 2003. Having huge stockpiles in Asian region in the first half year that mainly initiated by speculators, the market suffered from fierce price-cutting and dumping action. Overall selling premium was largely dragged down. With gradual reducing stockpiles and benefited from unprecedented high metal prices since the second half year, the market shifted from over-supply situation to normal situation and profitability also improved at the end of the year. Slow demand of printed circuit board factories during the first half year turned around and improved their orders in the last quarter of 2003. However, selling price remained poor due to intense competition among suppliers.

Foreseeing possible tight supply of products in the coming year, the Group kept extra stocks to ensure stable supply to customers. High metal price and the purchase measure used extra financials, either through bank loans or internal funds, to cover additional inventory cost. Inventory level, therefore, increased from HK\$49.4 million as at 31st December, 2002 to HK\$80.8 million as at 31st December, 2003.

Management Discussion and Analysis

KEE SHING (HOLDINGS) LIMITED

Paint and Coating Chemicals

In 2003, appreciation of Euro against US dollar, high raw materials price and occasional production problems seriously affected our biggest supplier in Europe to fulfill their supply volume to us. With the help of increase in new products introduced into the market over the past years, consequently, total sales turnover slightly fell by 1.7% over that in 2002.

Local China market continued to grow prosperously throughout 2003, even the period of SARS in April. It is expected that demand growth in 2004 will sustain due to China's relatively stable political environment and huge local consumption condition. In spite of full support granted by our suppliers, high raw material prices and continuous slump of European currencies against US dollar will no doubt exert pressure on competitive edges of European import products against Japanese, US or locally-made products. Anticipated that more and more multinational companies will set up new factories in Mainland China, we will increasingly explore different application fields for our existing and new products so as to offset the impact of fierce competition in traditional coating industries.

Stainless Steel

Overall business performance was encouraging during the year. Due to sharp surge of raw materials prices and excessive demand situation, most stainless steel mills raised prices continuously since the second half year of 2003. Sales turnover climbed by 30% in 2003 compared to that in 2002. In early 2004, limited supply of stainless steel's component materials and over-demand situation endures. Having experiences of delay shipment from suppliers during 2003, we stocked up extra tonnages of stainless steel at the end of year to ensure stable supply to customers. As at 31st December, 2003, inventory level was recorded at HK\$8.86 million, slightly lower than HK\$9.1 million at the year-end of 2002.

Property Investment Division

Total rental income fell slightly from HK\$14.9 million in 2002 to HK\$14.7 million in 2003.

Average occupancy rate for the office properties in Hong Kong was 87%. Office demand was severely hit during the SARS period in Hong Kong and barely recovered by the end of the year. Rental price also declined so badly that at least 15% of rental drop was noted within a year. It is expected that the rental market will start to improve following the recovery in Hong Kong's economy in early 2004.

In 2003, huge demand from local and foreign companies reduced total office space availability in Shanghai area. Average occupancy rate of Grade A Office in Puxi area was about 90% during the year. Average occupancy rate of the Group's Shanghai offices was 96.6%.

Supported by improved affordability of local buyers and insatiable appetite from foreign and non-Shanghaiese investors, Shanghai residential property market grew robust in 2003. After suffering from sudden fall in demand during the SARS period, overall property market immediately recovered in the second half year. Average occupancy rate in 2003 was 85.7%, rising from 83.8% for the year 2002. Yet, average monthly rent in 2003 reduced by 5% compared to that in 2002. As at 31st December, 2003, occupancy rate was 96%.

Management Discussion and Analysis

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003, a surplus arising on revaluation of investment properties amounting HK\$5.3 million was recorded, of which a gain of HK\$6.3 million was attributable to Shanghai properties and a loss of HK\$1 million was attributable to Hong Kong properties. Carrying value of total investment properties as at 31st December, 2003 was HK\$242.4 million, compared with HK\$237.1 million as at 31st December, 2002. For the year 2003, gross yield of Hong Kong investment properties at carrying cost as at 31st December, 2003 was 6.5% whilst that of Shanghai properties was 6.0%.

Securities Investment Division

An analysis of the portfolio, current and non-current, by type of securities as at 31st December 2003 is as below:

	Market Value of Investments	Percentage of Total
Equities	HK\$59.5 Million	32.5%
Debt Securities	HK\$52.3 Million	28.6%
Mutual Funds	HK\$31.4 Million	17.1%
Long Term Bank Deposits	HK\$38.8 Million	21.2%
Equity-Linked Deposits	HK\$1.1 Million	0.6%

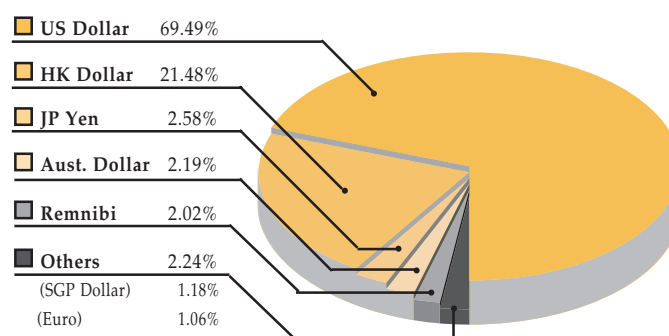
For the Year ended:	31st December, 2003	31st December, 2002
Purchase: (at cost)	HK\$93.7 Million	HK\$27.5 Million
Disposal: (at Market Value)	HK\$74.0 Million	HK\$34.4 Million

As at 31st December, 2003, the Group used its own fund to finance 94.1% of total securities holdings and the remaining 5.9% was financed by bank borrowings.

Accompanied by rising commodity price and benign inflation, GDP growth accelerated all over the world in 2003. Nevertheless, job creation worldwide is the key factor for ongoing global growth. In the face of weakening U.S. currencies and volatile markets, the Group's quest is to moderate risk and increase the portfolio's return. For the year 2003, the Group recorded a realized gain of HK\$16.5 million and an unrealized

gain of HK\$8.0 million in our securities investment division. At the end of the year, the Group's securities portfolio included equities, corporate bonds, alternative investments and capital preservation products. Dividend and interest income generated from securities portfolio accounted HK\$1.9 million and HK\$2.2 million respectively during 2003.

An analysis of the portfolio by currency denomination as at 31st December 2003 is listed below:



Management Discussion and Analysis

KEE SHING (HOLDINGS) LIMITED

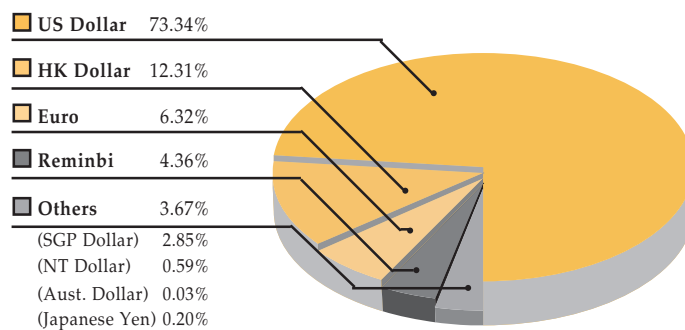
With the experience of the Iraq war, SARS and the current avian flu outbreak in Asian region, as well as unstable geo-political environment, we are aware of the possible abrupt changes to the global economy. Although optimistic about the future outlook on economic condition in the coming year, we remain cautious in positioning our portfolio to cope with possible changes ahead.

EMPLOYEES

The Group employed a staff of 87 at the end of 2003 of whom 62 worked in Hong Kong, 15 worked in Mainland China and 10 worked in overseas offices. Due to performance-related bonus contribution, total remuneration slightly increased by 5.4% in 2003 to HK\$22.0 million over a year earlier (2002: HK\$20.9 million).

The Group values our employees as great assets of the Group. In order to remain competitive within industries, the Group encouraged employees to enrich their professional knowledge through external educational institutions and arranged internal language training courses so as to facilitate staff communication skill.

An analysis of cash and short term bank deposits by currencies as at 31st December 2003 is set out below:



FINANCIAL RESOURCES AND LIQUIDITY

After adopted the effect of implementation of new accounting policy in relation to deferred tax and recognised an impairment loss of HK\$20.5 million on the goodwill arising on acquisition of Asia Commercial Holdings Limited, the Group's shareholders' fund increased from HK\$581.1 million at year-end of 2002 to HK\$606.8 million as at 31st December, 2003.

The Group held total cash and short-term bank deposits of HK\$207.1 million as at 31st December, 2003, an increase of HK\$20.8 million compared with HK\$186.3 million as at 31st December, 2002. Also, the Group placed HK\$38.8 million cash into long term bank deposits at of 31st December, 2003. Including the long term bank deposits, net cash position as at 31st December, 2003 was HK\$6.0 million compared with net cash of HK\$7.3 million as at 31st December, 2002. The main net cash outflow related to the increase in inventories amounting HK\$31.2 million, the increase of HK\$16.4 million in debtors, deposits and prepayments and the increase of bill receivable of HK\$17.6 million. For the year 2003, the Group raised additional HK\$60.8 million bank borrowings to finance additional inventories and trade receivable.

Management Discussion and Analysis

KEE SHING (HOLDINGS) LIMITED

DEBT STRUCTURE

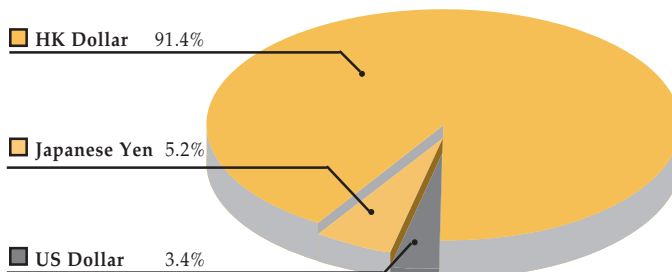
Total bank borrowings rose from HK\$179.0 million as at 31st December, 2002 to HK\$240.0 million as at 31st December, 2003. Gearing ratio, representing total bank borrowing divided by shareholders' fund, was 0.40 as of 31st December, 2003. All bank borrowings were in forms of trust receipts, bank overdrafts and money market loans as at 31st December, 2003.

All borrowings bear interests on floating rates and matured within one year. Average interest rate charged on borrowings during the year 2003 was 2.0% per annum. Interest expenses in 2003 were HK\$3.8 million, representing a decrease of 12.8% compared to HK\$4.4 million in 2002.

FOREIGN CURRENCY RISK

During the year, the Group's transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, British Sterling, Reminbi, Singapore Dollars and New Taiwanese Dollars. The Group used forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate. There were no outstanding forward exchange contracts as at 31st December, 2003. Short-term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies.

An analysis on bank borrowings by currencies as at 31st December 2003 is set out below:



Directors' Profiles

KEE SHING (HOLDINGS) LIMITED

EXECUTIVE DIRECTORS

Mr. Leung Shu Wing, aged 65, is the founder of the Group and chairman of the company. Mr. Leung has over 39 years of experience in trading of electroplating materials and chemicals. He is currently responsible for the Group's strategic planning.

Miss Leung Miu King, aged 34, the daughter of Mr. Leung Shu Wing, joined the Group in November, 1995. She holds a bachelor degree of business administration from the University of San Francisco. Miss Leung has over one year's experience in trade finance with a bank in Hong Kong. She is the executive director of the Group.

Mr. Wong Chi Kin, aged 53, joined the Group in 1984. He has over 30 years of experience in metal trading. Mr. Wong is the managing director of Kee Shing Hardware Supplies Ltd., a subsidiary of the Group which is engaged in trading of stainless steel.

Mr. Wong Choi Ying, aged 51, joined the Group in 1988. He holds a bachelor degree of business administration from the Chinese University of Hong Kong, a fellow of the Chartered Association of Certified Accountants and an associate of the Hong Kong Society of Accountants. Mr. Wong has over 24 years of experience in financial management. He worked for Tai Sang Land Development Limited for over five years before joining the Group. He is the finance director and company secretary of the Group. He is responsible for the Group's financial planning and management.

NON-EXECUTIVE DIRECTORS

Mr. Yuen Tin Fan, Francis, aged 51, is Chairman of Tien Fung Hong Group of companies and an non-executive director of a number of companies whose share are listed on The Hong Kong Stock Exchange. From 1988 to 1991, he was the chief executive of The Stock Exchange of Hong Kong Limited. Mr. Yuen is also a member of Shanghai People's Political Consultative Committee.

Mr. Kwan Hing Hin, Stephen, aged 55, joined the group in 1980 and was the co-founder of Kee Shing Industrial Products Limited. He holds a master degree of philosophy from Leeds University in the United Kingdom and is a member of the British Institute of Management and an associate of the Textile Institute. He worked with Jardine Matheson & Co., Limited for over 5 years prior to joining the group. Mr. Kwan has over 26 years of experience in metals and chemicals trading. He changed his role from executive director to non-executive director on 30th September, 1998. As at 13th January, 2004, Mr. Kwan resigned the post of non-executive director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Leung Ding Bong, Ronald, FRCP, AIB, OBE, JP, aged 69, is an experienced banker. He was Chairman of Kwong On Bank, Limited. Dr. Leung joined the Group in December 1993 as an independent non-executive director.

Mr. Wong Kong Chi, aged 45, is a qualified accountant and formerly an experienced merchant banker. He is also independent non-executive director of several listed companies in Hong Kong. Mr. Wong joined the Group in December 1993 as an independent non-executive director.

Mr. Ng Hon Ying, aged 50, is a solicitor and notary public. He is the founding partner of the law firm of Ng and Fang. Mr. Ng joined the Group on 30th September, 2003 as an independent director.

Senior Management Profiles

KEE SHING (HOLDINGS) LIMITED

Mr. Herman Santoso, aged 67, joined the Group in 1980. He has over 35 years of experience in the trading of chemicals and electroplating equipment, particularly in Singapore and Indonesia. Mr. Santoso is the managing director of KSIP (Singapore) Pte. Limited, and is responsible for the development of the Group's business in Singapore, Indonesia and Malaysia.

Dr. Kee Moh Lian, aged 64, joined the Group in 1980. Dr. Kee holds a Ph. D. degree of chemistry from McGill University of Canada. Prior to joining the Group, he was the head of the chemistry technology section of the Singapore Institute of Standards and Industrial Research. Dr. Kee is a director and the general manager of KSIP (Singapore) Pte. Limited, and is responsible for marketing and customer services in Singapore, Indonesia and Malaysia.

Mr. Voravudh Settin, aged 60, joined the Group in 1989. He holds a bachelor degree in chemistry from Chulalongkorn University in Thailand and a certificate of marketing management from Queen's University, Canada. Prior to joining the Group, he had over 29 years of experience in the management and marketing of wide range of industrial chemicals from Ciba-Geigy, Dow Chemical and Dinippon Ink & Chemical. Mr. Settin is the managing director of KSIP (Thailand 1989) Co., Ltd.

Mr. Chan Yuet Lung, Frankie, aged 49, joined the Group in 1988. He holds a degree in business administration from California State University, Long Beach. Prior to his joining the Group, he had worked for Cafe De Coral group of companies for 9 years. He has 26 years of experience in management sales and marketing. Mr. Chan is the director and general manager of Kee Shing Industrial Products Limited.

Mr. Wong Siu Hung, Rico, aged 45, joined the Group in 1987. He has over 23 years of experience in China trade. Mr. Wong is the director and general manager of Sam Wing International Limited.

Notice of Annual General Meeting

KEE SHING (HOLDINGS) LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at Platino Room, M/F., The Empire Hotel Kowloon, 62 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 28th May, 2004 at 3:30 p.m. for the following purposes:

1. To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31st December, 2003;
2. To declare a final dividend;
3. To re-elect retiring directors and authorise the board to fix the remuneration of the directors;
4. To appoint auditors and to authorise the board to fix their remuneration;
5. As special business, to consider and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions:

(1) **“THAT:**

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the directors of the Company during the relevant period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approvals in paragraph (a) above shall authorise the directors of the Company during the relevant period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the relevant period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to a rights issue shall not exceed twenty per cent of the aggregate nominal amount of the issued share capital of the Company, and this approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“relevant period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting; and

“rights issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any Stock Exchange).”

Notice of Annual General Meeting

KEE SHING (HOLDINGS) LIMITED

- (2) **“THAT:**
- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the relevant period of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the shares to be repurchased by the Company pursuant to paragraph (a) of this resolution during the relevant period shall not exceed 10 per cent of the shares of the Company in issue at the date of this resolution; and
 - (c) for the purpose of this resolution, “relevant period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting.”
- (3) **“THAT,** conditional upon the resolutions 5(1) and 5(2) in the notice convening this meeting being passed, the aggregate nominal amount of the number of shares which are repurchased by the Company after this resolution becoming effective (up to maximum of 10 per cent of the issued share capital of the Company in issue at the date of this resolution) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the resolution 5(1) in the said notice referred to above.”

6. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

“THAT the Articles of Association of the Company be and are hereby amended in the following manner:

- (1) Article 2
- (i) By adding the following definition after the definition of “the Companies Ordinance” or “the Ordinance”:

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
 - (ii) By adding the following definition after the definition of “Directors” or “Board”:

“associate” shall have the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (2) By adding the following Article as Article 85A after the existing Article 85:
- “85A. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

Notice of Annual General Meeting

KEE SHING (HOLDINGS) LIMITED

- (3) By deleting Article 120 and substituting the follow:

“120. No person, other than a retiring Director, shall be eligible for election to the office of Director at any general meeting, unless notice in writing by a member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the registered office of the Company in the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days.”

- (4) By deleting sub-article (iii) of Article 107(A) in its entirety and substituting therefor the following:

“(iii) Save as otherwise provided by the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associates has a material interest, but this prohibition shall not apply to any of the following matters:

- (a) the giving of any security or indemnity either:
 - (i) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s) as such any privilege or advantage not generally accorded to the class of persons to which scheme or fund relates;

Notice of Annual General Meeting

KEE SHING (HOLDINGS) LIMITED

- (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.”

By Order of the Board
WONG CHOI YING
Secretary

Hong Kong, 26th March, 2004

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on the poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power attorney or authority must be delivered at the registered office of the Company not less than forty-eight hours before the time appointed for holding the meeting.
3. The register of members will be closed from Monday, 24th May, 2004 to Friday, 28th May, 2004 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 21st May, 2004. Dividend warrants will be despatched to Shareholders on or before Wednesday, 23rd June, 2004.
4. Pursuant to Article 80 of the Articles of Association of the Company, a poll can be demanded before or on the declaration of the result of the show of hands:
 - (i) by the Chairman; or
 - (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
 - (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iv) by a member or members present in person or by proxy and holding shares in the company 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 that right.
5. Pursuant to Articles 99 and 116 of the Company's Articles of Association, Mr. Ng Hon Ying, Ms. Leung Miu King, Mr. Wong Chi Kin and Mr. Wong Kong Chi will retire from office as directors at the Annual General Meeting and being eligible, offer themselves for re-election.
6. Amendments to the Articles of Association of the Company proposed in resolution no. 6 are mainly to ensure compliance with amendments to Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited effective 31st March, 2004.

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 (<i>Note 1</i>)	26,984,000	6.057%
	Founder of discretionary trust (<i>Note 2</i>)	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.

Directors' Report

KEE SHING (HOLDINGS) LIMITED

(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

德勤·關黃陳方會計師行

Certified Public Accountants
26/F Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF KEE SHING (HOLDINGS) LIMITED

奇盛(集團)有限公司

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 22 to 51 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

26th March, 2004

Consolidated Income Statement

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Turnover	4	1,224,230	1,072,821
Other operating income	5	2,607	3,238
Changes in inventories of finished goods		31,018	11,458
Purchases of goods held for resale		(1,150,864)	(995,778)
Raw materials and consumables used		(11,260)	(3,530)
Staff costs		(21,992)	(20,859)
Depreciation and amortisation		(1,970)	(2,495)
Other operating expenses		(30,550)	(29,135)
Net realised gain and unrealised gain (loss) on other investments		24,538	(15,878)
Impairment loss recognised in respect of investment securities	6	–	(1,300)
Surplus (deficit) arising on revaluation of investment properties		5,290	(1,000)
Profit from operations	7	71,047	17,542
Finance costs	8	(3,805)	(4,363)
Share of profit (loss) of associates		2,979	(1,235)
Amortisation of goodwill arising on acquisition of an associate		(3,417)	(3,417)
Impairment loss recognised in respect of goodwill arising on acquisition of an associate	6	(20,504)	–
Profit before taxation		46,300	8,527
Income tax expense	11	(6,029)	(3,884)
Profit before minority interests		40,271	4,643
Minority interests		(1,564)	(491)
Net profit for the year		38,707	4,152
Dividends	12	13,365	11,138
Earnings per share	13	HK8.69 cents	HK0.93 cent

Balance Sheets

KEE SHING (HOLDINGS) LIMITED

At 31st December, 2003

	Notes	THE GROUP		THE COMPANY	
		2003 HK\$'000	2002 HK\$'000 (restated)	2003 HK\$'000	2002 HK\$'000
ASSETS					
Non-current Assets					
Investment properties	14	242,430	237,140	–	–
Properties, plant and equipment	15	32,879	32,645	917	405
Investments in subsidiaries	16	–	–	38,587	38,587
Interests in associates	17	29,207	49,786	–	–
Investments in securities	18	25,804	25,261	–	–
Amounts due from subsidiaries		–	–	452,486	471,578
Long term bank deposits		38,800	–	–	–
Equity-linked deposits		1,110	198	–	–
		<u>370,230</u>	<u>345,030</u>	<u>491,990</u>	<u>510,570</u>
Current Assets					
Inventories	19	89,665	58,423	–	–
Debtors, deposits and prepayments	20	119,285	102,683	1,138	1,535
Bills receivable		32,122	14,495	–	–
Taxation recoverable		175	153	–	–
Investments in securities	18	115,984	119,611	–	–
Short term bank deposits		127,950	127,459	–	–
Bank balances and cash		79,175	58,854	187	85
		<u>564,356</u>	<u>481,678</u>	<u>1,325</u>	<u>1,620</u>
Total Assets		<u>934,586</u>	<u>826,708</u>	<u>493,315</u>	<u>512,190</u>

Balance Sheets

KEE SHING (HOLDINGS) LIMITED

At 31st December, 2003

	Notes	THE GROUP		THE COMPANY	
		2003 HK\$'000	2002 HK\$'000 (restated)	2003 HK\$'000	2002 HK\$'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	22,275	22,275	22,275	22,275
Reserves	22	584,500	558,859	390,945	361,026
		<u>606,775</u>	<u>581,134</u>	<u>413,220</u>	<u>383,301</u>
Minority Interests		<u>17,592</u>	<u>16,071</u>	<u>–</u>	<u>–</u>
Non-current Liabilities					
Amount due to minority shareholder of a subsidiary		13,338	13,647	–	–
Deferred tax liabilities	23	6,102	5,122	–	–
		<u>19,440</u>	<u>18,769</u>	<u>–</u>	<u>–</u>
Current Liabilities					
Creditors and accrued charges	24	48,236	29,812	1,325	1,059
Taxation payable		2,571	1,882	–	–
Bank borrowings	25	239,972	179,040	2,500	15,000
Amounts due to subsidiaries		–	–	76,270	112,830
		<u>290,779</u>	<u>210,734</u>	<u>80,095</u>	<u>128,889</u>
Total Equity and Liabilities		<u>934,586</u>	<u>826,708</u>	<u>493,315</u>	<u>512,190</u>

The financial statements on pages 22 to 51 were approved and authorised for issue by the Board of Directors on 26th March, 2004 and are signed on its behalf by:

LEUNG SHU WING
DIRECTOR

WONG CHOI YING
DIRECTOR

Consolidated Statement of Changes in Equity

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2002								
– as previously stated	22,275	153,728	26,127	7,011	13,781	550	369,265	592,737
– adjustment on adoption of SSAP 12 (Revised) (Note 2)	–	–	(3,139)	–	(2,218)	–	235	(5,122)
– as restated	22,275	153,728	22,988	7,011	11,563	550	369,500	587,615
Exchange differences arising on translation of overseas operations	–	–	–	–	–	522	–	522
Share of an associate's movement in reserves	–	–	–	(95)	8	68	2	(17)
Net (loss) gain not recognised in the consolidated income statement	–	–	–	(95)	8	590	2	505
Net profit for the year	–	–	–	–	–	–	4,152	4,152
Dividends paid (Note 12)	–	–	–	–	–	–	(11,138)	(11,138)
At 31st December, 2002								
– as restated	22,275	153,728	22,988	6,916	11,571	1,140	362,516	581,134
Exchange differences arising on translation of overseas operations	–	–	–	–	–	101	–	101
Shares of an associate's movement in reserves	–	–	–	(56)	3	457	2	406
Deferred tax liability arising on change in tax rate	–	–	–	–	(208)	–	–	(208)
Net (loss) gain not recognised in the consolidated income statement	–	–	–	(56)	(205)	558	2	299
Net profit for the year	–	–	–	–	–	–	38,707	38,707
Dividends paid (Note 12)	–	–	–	–	–	–	(13,365)	(13,365)
At 31st December, 2003	22,275	153,728	22,988	6,860	11,366	1,698	387,860	606,775

The retained profits of the Group include profits of HK\$2,711,000 (2002: losses of HK\$225,000) retained by associates of the Group.

The balance of investment property revaluation reserve of the Group at 31st December, 2003 includes an amount of HK\$6,860,000 (2002: HK\$6,860,000), which represents the accumulated amount transferred from the property revaluation reserve as a result of the change in usage of certain previously self-occupied leasehold properties to investment properties. Such revaluation reserve has been frozen upon the transfer and will be transferred to retained profits when the relevant properties are disposed of.

Consolidated Cash Flow Statement

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

	2003 HK\$'000	2002 HK\$'000
OPERATING ACTIVITIES		
Profit from operations	71,047	17,542
Adjustments for:		
Unrealised (gain) loss on other investments	(8,000)	19,371
Impairment loss recognised in respect of investment securities	–	1,300
(Surplus) deficit arising on revaluation of investment properties	(5,290)	1,000
Interest income from bank deposits	(1,742)	(2,322)
Depreciation and amortisation	1,970	2,495
Gain on disposal of property, plant and equipment	(173)	–
Operating cash flows before movements in working capital	57,812	39,386
Increase in inventories	(31,194)	(11,384)
Increase in debtors, deposits and prepayments	(16,368)	(34,616)
Increase in bills receivable	(17,627)	(4,920)
Decrease in other investments	11,650	20,334
Increase (decrease) in creditors and accrued charges	18,080	(4,516)
Cash generated from operations	22,353	4,284
Hong Kong Profits Tax paid	(3,423)	(2,822)
Profits tax outside Hong Kong paid	(1,120)	(1,275)
NET CASH FROM OPERATING ACTIVITIES	17,810	187
INVESTING ACTIVITIES		
Increase in long term bank deposits	(38,800)	–
Purchase of property, plant and equipment	(2,132)	(1,145)
Increase in equity-linked deposits	(912)	(198)
Purchase of investment securities	(543)	(2,812)
Interest received from bank deposits	1,742	2,322
Proceeds from disposal of property, plant and equipment	216	–
NET CASH USED IN INVESTING ACTIVITIES	(40,429)	(1,833)
FINANCING ACTIVITIES		
New bank borrowings raised	60,819	41,579
Dividends paid	(13,365)	(11,138)
Interest paid	(3,805)	(4,363)
Dividends paid to minority shareholders of subsidiaries	(310)	(158)
Amount repaid to minority shareholders of a subsidiary	(172)	(700)
NET CASH FROM FINANCING ACTIVITIES	43,167	25,220
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,548	23,574
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	186,168	162,291
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	296	303
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	207,012	186,168
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Short term bank deposits	127,950	127,459
Bank balances and cash	79,175	58,854
Bank overdrafts	(113)	(145)
	207,012	186,168

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted for the first time the following Hong Kong Financial Reporting Standards ("HKFRS"s) issued by the Hong Kong Society of Accountants ("HKSA"), the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP"s) and Interpretations approved by the HKSA:

SSAP 12 (Revised)	Income taxes
SSAP 35	Accounting for government grants and disclosure of government assistance

Income taxes

In the current year, the Group has adopted SSAP 12 (Revised) Income taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly.

As a result of this change in accounting policy, the balance of retained profit as at 1st January, 2002, have been increased by HK\$235,000 and the balances of the Group's capital reserve and property revaluation reserve at 1st January, 2002 have been reduced by HK\$3,139,000 and HK\$2,218,000 respectively, representing the respective cumulative effects of the changes in accounting policy on the reserves prior to 1st January, 2002. The changes has resulted in decrease in profit and decrease in property revaluation reserve in the current year of HK\$772,000 (2002: Nil) and HK\$208,000 (2002: Nil) respectively.

Accounting for government grants and disclosure of government assistance

In the current year, the Group has adopted SSAP 35 Accounting for government grants and disclosure of government assistance. In previous years, government grants were credited to current liabilities. In accordance with SSAP 35, government grants are now recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as other operating income. The Group has elected to apply the requirements of SSAP 35 retrospectively, but the adoption of SSAP 35 has not had any material effect on the results for the current or prior accounting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Goodwill arising on the acquisition of an associate prior to 1st January, 2001 continued to be amortised over its useful economic life of ten years.

Goodwill arising on acquisitions of subsidiaries or associates after 1st January, 2001 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisitions of subsidiaries is presented separately in the balance sheet date.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions of subsidiaries after 1st January, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Commission income is recognised when services are rendered.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

Dividend income from investments is recognised when the Group's right to receive payment is established.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of the reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On subsequent disposal of an investment property, any revaluation surplus attributable to that property is included in the determination of the profit or loss on disposal.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than twenty years.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation less depreciation, amortisation and any identified impairment loss.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Certain of the Group's leasehold land and buildings were revalued at 31st December, 1991. The surplus arising on revaluation of land and buildings was credited to the property revaluation reserve. The Group has adopted the transitional relief provided by paragraph 80 of the SSAP 17 (Revised) "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluations on a regular basis of the Group's leasehold land and buildings and, accordingly, no further revaluation of leasehold land and buildings will be carried out. On the subsequent disposal of such properties, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred to retained profits.

Depreciation and amortisation are provided to write off the cost or valuation of items of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining term of the lease
Buildings	2% to 2.5% or over the remaining term of the lease, whichever is the shorter
Furniture, fixtures and equipment	16% to 20%
Motor vehicles	16% to 25%
Plant and machinery	20%
Computer equipment	20% to 33 ¹ / ₃ %

Subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

For the year ended 31st December, 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associate for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the goodwill on acquisition in so far as it has not already been written off or amortised, less any identified impairment loss.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised loss provide evidence of an impairment of the asset transferred.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Taxation (*continued*)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefits scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

For management purposes, the Group is currently organised into three operating divisions – sales of chemicals and metals, property investment and security investment. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31st December, 2003

	Sales of chemicals and metals HK\$'000	Property investment HK\$'000	Security investment HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue						
External Sales	1,203,238	14,688	4,093	2,211	–	1,224,230
Inter-segment sales	27,422	1,486	–	47,176	(76,084)	–
Total revenue	1,230,660	16,174	4,093	49,387	(76,084)	1,224,230
Inter-segment sales are charged at prevailing market rates.						
Results						
Segment result	35,889	14,636	28,599	82	–	79,206
Interest income from bank deposits						1,742
Unallocated other operating income						865
Unallocated corporate expenses						(10,766)
Profit from operations						71,047
Finance costs						(3,805)
Share of profit of associates						2,979
Amortisation of goodwill arising on acquisition of an associate						(3,417)
Impairment loss recognised in respect of goodwill arising on acquisition of an associate						(20,504)
Profit before taxation						46,300
Income tax expense						(6,029)
Profit before minority interests						40,271
Minority interests						(1,564)
Net profit for the year						38,707

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business Segments *(continued)*

At 31st December, 2003

Balance sheet

	Sales of chemicals and metals <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Security investment <i>HK\$'000</i>	Other activities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	246,180	244,513	182,236	254	673,183
Interests in associates	453	–	–	28,754	29,207
Unallocated corporate assets					232,196
Consolidated total assets					934,586
Liabilities					
Segment liabilities	35,304	22,533	304	56	58,197
Unallocated corporate liabilities					252,022
Consolidated total liabilities					310,219

Other information

	Sales of chemicals and metals <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Security investment <i>HK\$'000</i>	Other activities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure	967	329	–	836	2,132
Depreciation	694	979	–	297	1,970

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

For the year ended 31st December, 2002

	Sales of chemicals and metals HK\$'000	Property investment HK\$'000	Security investment HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue						
External Sales	1,054,684	14,940	2,619	578	-	1,072,821
Inter-segment sales	22,526	1,531	-	37,179	(61,236)	-
Total revenue	1,077,210	16,471	2,619	37,757	(61,236)	1,072,821

Inter-segment sales are charged at prevailing market rates.

Results						
Segment result	30,699	8,724	(14,614)	30	-	24,839
Interest income from bank deposits						2,322
Unallocated other operating income						916
Unallocated corporate expenses						(10,535)
Profit from operations						17,542
Finance costs						(4,363)
Share of loss of associates						(1,235)
Amortisation of goodwill arising on acquisition of an associate						(3,417)
Profit before taxation						8,527
Income tax expense						(3,884)
Profit before minority interests						4,643
Minority interests						(491)
Net profit for the year						4,152

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

At 31st December, 2002

Balance sheet

	Sales of chemicals and metals <i>HK\$'000</i>	Property investment <i>HK\$'000</i> (restated)	Security investment <i>HK\$'000</i>	Other activities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i> (restated)
Assets					
Segment assets	180,102	239,372	145,507	98	565,079
Interests in associates	453	–	–	49,333	49,786
Unallocated corporate assets					211,843
Consolidated total assets					826,708
Liabilities					
Segment liabilities	19,902	20,686	219	12	40,819
Unallocated corporate liabilities					188,684
Consolidated total liabilities					229,503

Other information

	Sales of chemicals and metals <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Security investment <i>HK\$'000</i>	Other activities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure	287	637	–	221	1,145
Depreciation	1,305	1,024	–	166	2,495
Other non-cash expenses	–	1,000	19,371	–	20,371
Impairment loss recognised in respect of investment securities	–	–	1,300	–	1,300

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations are located in Hong Kong, Taiwan and elsewhere in the People's Republic of China.

The Group's sales of chemicals and metals are carried out in Hong Kong, Taiwan and elsewhere in the People's Republic of China. Property investment is carried out in Hong Kong and elsewhere in the People's Republic of China. Security investment is carried out in Hong Kong.

The following table provides an analysis of the Group's sales by geographical market:

	Revenue by geographical market		Contribution to profit from operations	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	873,892	769,329	48,928	7,955
Taiwan	147,045	123,299	2,880	2,661
Elsewhere in the People's Republic of China	104,035	106,112	18,613	14,018
Others	99,258	74,081	8,785	205
	<u>1,224,230</u>	<u>1,072,821</u>	<u>79,206</u>	<u>24,839</u>
Interest income from bank deposits			1,742	2,322
Unallocated other operating income			865	916
Unallocated corporate expenses			(10,766)	(10,535)
Profit from operations			<u>71,047</u>	<u>17,542</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	At 31.12.2003 HK\$'000	At 31.12.2002 HK\$'000	Year ended 31.12.2003 HK\$'000	Year ended 31.12.2002 HK\$'000
Hong Kong	301,017	395,818	1,403	869
Taiwan	47,645	26,718	12	-
Elsewhere in the People's Republic of China	270,805	263,039	238	276
Others	285,912	91,347	479	-
	<u>905,379</u>	<u>776,922</u>	<u>2,132</u>	<u>1,145</u>

5. OTHER OPERATING INCOME

Other operating income comprises:

	2003 HK\$'000	2002 HK\$'000
Interest income from bank deposits	1,742	2,322
Sundry income	865	916
	<u>2,607</u>	<u>3,238</u>

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

6. IMPAIRMENT LOSS RECOGNISED

The directors of the Company have reviewed the carrying amounts of the assets of the Group as at 31st December, 2003 and have determined to recognise the impairment losses in respect of the following assets:

	2003 HK\$'000	2002 HK\$'000
Investment securities (<i>note a</i>)	–	1,300
Goodwill arising on acquisition of an associate (<i>note b</i>)	20,504	–

Notes:

- a. The available market value of such investment securities has been less than its carrying value for a prolonged period.
- b. Based on a review of the interest in an associate at the balance sheet date, the directors consider that the carrying amount of the goodwill arising on acquisition of an associate is not recoverable.

7. PROFIT FROM OPERATIONS

	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration		
– current year	935	920
– overprovision in prior year	(15)	(118)
	920	802
Rental payments in respect of properties under operating leases	1,661	1,484
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	531	547
and after crediting:		
Dividend income from listed investments	1,852	1,467
Gain on disposal of property, plant and equipment	173	–
Gross rental income from properties under operating leases after outgoings of HK\$71,000 (2002: HK\$71,000)	14,617	14,869
Interest income from investments	2,241	1,152

8. FINANCE COSTS

The finance costs represent interest on bank borrowings wholly repayable within five years.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

9. DIRECTORS' EMOLUMENTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Directors' fees	540	490
Other emoluments to directors:		
Salaries and other benefits	2,391	2,335
Performance related incentive payments	297	163
Retirement benefits scheme contributions	43	47
	<u>2,731</u>	<u>2,545</u>
Total directors' emoluments	<u>3,271</u>	<u>3,035</u>

The amounts disclosed above include directors' fees of HK\$280,000 (2002: HK\$230,000) and other emoluments of HK\$170,000 (2002: HK\$170,000) payable to independent non-executive directors.

The emoluments of each of the directors for both years were within the emoluments band ranging from nil to HK\$1,000,000.

There was no compensation for loss of office paid to directors or former directors.

10. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two directors (2002: two directors), details of whose emoluments are included in the amounts disclosed in note 9 above. The emoluments of the remaining highest paid employees, other than directors of the Company, are follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Salaries and other benefits	2,835	2,706
Performance related incentive payments	278	223
Retirement benefits scheme contributions	55	31
	<u>3,168</u>	<u>2,960</u>

Their emoluments were within the following bands:

	2003 <i>Number of employees</i>	2002 <i>Number of employees</i>
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	<u>2</u>	<u>2</u>

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

11. INCOME TAX EXPENSE

	2003 HK\$'000	2002 HK\$'000
The tax charge attributable to the Company and its subsidiaries comprises:		
Current taxation		
Hong Kong Profits Tax	4,511	2,973
Profits tax outside Hong Kong	703	887
	<u>5,214</u>	<u>3,860</u>
Deferred taxation (Note 23)		
– Current year	659	–
– Attributable to change in tax rate	113	–
	<u>5,986</u>	<u>3,860</u>
Share of taxation attributable to associates	43	24
	<u>6,029</u>	<u>3,884</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the year.

Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	Hong Kong		Elsewhere in the PRC		Other countries		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Profit before taxation	29,194	(3,460)	15,697	10,912	1,409	1,075	46,300	8,527
Application tax rate	17.5%	16%	3.3%	3.3%	21.4%	20.8%		
Tax at the domestic income tax rate	5,109	(554)	518	360	301	224	5,928	30
Tax effect of expenses not deductible for tax purpose	4,675	4,753	976	136	23	220	5,674	5,109
Tax effect of income not taxable for tax purpose	(4,714)	(1,378)	(211)	(24)	(87)	(49)	(5,012)	(1,451)
Utilisation of previous tax losses not recognised	(200)	(64)	–	–	–	–	(200)	(64)
Tax effect of share of results of associates	(479)	240	–	–	–	–	(479)	240
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	113	–	–	–	–	–	113	–
Tax effect on different tax rate of operations in other jurisdiction	–	–	–	–	5	20	5	20
Tax effect of the year	<u>4,504</u>	<u>2,997</u>	<u>1,283</u>	<u>472</u>	<u>242</u>	<u>415</u>	<u>6,029</u>	<u>3,884</u>

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

12. DIVIDENDS

	2003 HK\$'000	2002 HK\$'000
Interim dividend paid in respect of 2003 of 1.5 cents (2002: 1 cent) per ordinary share	6,683	4,455
Final dividend paid in respect of 2002 of 1.5 cents (2001: 1.5 cents) per ordinary share	6,682	6,683
	<u>13,365</u>	<u>11,138</u>

The final dividend of 2.5 cents for the year ended 31st December, 2003 (2002: 1.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the year of HK\$38,707,000 (2002: HK\$4,152,000) and on 445,500,000 ordinary shares (2002: 445,500,000 ordinary shares) in issue during the year.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in either 2003 or 2002.

14. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At 1st January, 2003	237,140
Surplus arising on revaluation	<u>5,290</u>
At 31st December, 2003	<u>242,430</u>

The Group's investment properties comprise:

	2003 HK\$'000	2002 HK\$'000
Properties held under medium-term leases:		
– in Hong Kong	7,650	8,600
– elsewhere in the People's Republic of China	<u>188,760</u>	<u>184,080</u>
	196,410	192,680
Properties held under long leases:		
– elsewhere in the People's Republic of China	<u>46,020</u>	<u>44,460</u>
	<u>242,430</u>	<u>237,140</u>

All of the investment properties of the Group were revalued at 31st December, 2003 by Knight Frank, an independent firm of professional valuers, on an open market value existing use basis. The resulting surplus arising on revaluation, which amounted to HK\$5,290,000, has been credited to the consolidated income statement.

All the investment properties of the Group are rented out under operating leases.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Computer equipment HK\$'000	Total HK\$'000
THE GROUP						
COST OR VALUATION						
At 1st January, 2003	36,911	14,037	4,085	1,520	2,312	58,865
Currency realignment	127	2	21	–	(3)	147
Additions	–	1,344	455	317	16	2,132
Disposals	–	(833)	(446)	–	(23)	(1,302)
At 31st December, 2003	37,038	14,550	4,115	1,837	2,302	59,842
Comprising:						
At cost	9,238	14,550	4,115	1,837	2,302	32,042
At valuation – 1991	27,800	–	–	–	–	27,800
	37,038	14,550	4,115	1,837	2,302	59,842
DEPRECIATION AND AMORTISATION						
At 1st January, 2003	6,411	12,542	3,760	1,400	2,107	26,220
Currency realignment	23	(9)	22	–	(4)	32
Provided for the year	745	758	295	65	107	1,970
Eliminated on disposals	–	(791)	(446)	–	(22)	(1,259)
At 31st December, 2003	7,179	12,500	3,631	1,465	2,188	26,963
NET BOOK VALUES						
At 31st December, 2003	29,859	2,050	484	372	114	32,879
At 31st December, 2002	30,500	1,495	325	120	205	32,645

Certain of the leasehold land and buildings of the Group were revalued at 31st December, 1991. Had all the leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of these properties would have been stated at HK\$19,655,000 (2002: HK\$19,939,000).

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fixtures and equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY			
COST			
At 1st January, 2003	2,667	1,712	4,379
Additions	836	–	836
Disposals	(812)	(22)	(834)
	<u>2,691</u>	<u>1,690</u>	<u>4,381</u>
At 31st December, 2003			
DEPRECIATION			
At 1st January, 2003	2,375	1,599	3,974
Provided for the year	237	60	297
Eliminated on disposals	(785)	(22)	(807)
	<u>1,827</u>	<u>1,637</u>	<u>3,464</u>
At 31st December, 2003			
NET BOOK VALUES			
At 31st December, 2003	<u>864</u>	<u>53</u>	<u>917</u>
At 31st December, 2002	<u>292</u>	<u>113</u>	<u>405</u>

The Group's leasehold land and buildings comprise:

	Leasehold land and buildings	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Properties held under medium-term leases: – in Hong Kong	22,361	22,924
Properties held under long leases: – overseas	<u>7,498</u>	<u>7,576</u>
	<u>29,859</u>	<u>30,500</u>

16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Unlisted shares, at cost	<u>38,587</u>	<u>38,587</u>

Particulars of the subsidiaries at 31st December, 2003 are set out in note 32.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

17. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	29,207	25,865
Goodwill arising on acquisition, net	20,504	23,921
Impairment loss recognised in respect of goodwill arising on acquisition	(20,504)	–
	<u>29,207</u>	<u>49,786</u>

Particulars of the associates at 31st December, 2003 are as follows:

Name of associate	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of issued share capital held by the Group %	Principal activities
Asia Commercial Holdings Limited (note)	Incorporated	Bermuda	Hong Kong	Ordinary	16.5	Watch trading and retailing activities
KSIP (Thailand 1989) Co., Ltd.	Incorporated	Thailand	Thailand	Ordinary	49	Inactive

Note: This company has been accounted for as an associate as, in the opinion of the directors, the Group is in a position to exercise significant influence over the management of this company.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

18. INVESTMENTS IN SECURITIES

THE GROUP

	Investment securities		Other investments		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Equity securities:						
Listed – Hong Kong	–	–	39,330	74,917	39,330	74,917
Listed – overseas	3,132	3,132	12,410	8,136	15,542	11,268
Unlisted	–	–	3,701	3,701	3,701	3,701
	<u>3,132</u>	<u>3,132</u>	<u>55,441</u>	<u>86,754</u>	<u>58,573</u>	<u>89,886</u>
Mutual funds:						
Unlisted	10,628	10,628	20,161	16,914	30,789	27,542
Debt securities:						
Listed – overseas	–	–	12,634	8,639	12,634	8,639
Unlisted	8,343	7,800	31,449	11,005	39,792	18,805
	<u>8,343</u>	<u>7,800</u>	<u>44,083</u>	<u>19,644</u>	<u>52,426</u>	<u>27,444</u>
Total securities						
Listed	3,132	3,132	64,374	91,692	67,506	94,824
Unlisted	18,971	18,428	55,311	31,620	74,282	50,048
	<u>22,103</u>	<u>21,560</u>	<u>119,685</u>	<u>123,312</u>	<u>141,788</u>	<u>144,872</u>
Market value of listed securities	<u>4,019</u>	<u>4,043</u>	<u>64,374</u>	<u>91,692</u>	<u>68,393</u>	<u>95,735</u>
Carrying amount analysed for reporting purposes as:						
Non-current	22,103	21,560	3,701	3,701	25,804	25,261
Current	–	–	115,984	119,611	115,984	119,611
	<u>22,103</u>	<u>21,560</u>	<u>119,685</u>	<u>123,312</u>	<u>141,788</u>	<u>144,872</u>

Particulars of the Group's investments in equity securities which exceed 20% of the nominal value of the issued shares of that class disclosed pursuant to Section 129 (1) of the Companies Ordinance are as follows:

Name of company	Place of registration	Type of investment held	Percentage of registered capital held by the Group
Hebei Varwin Gas Propellents Co., Ltd. (note)	People's Republic of China	Registered capital	30%
Shenzhen Far East Oil Tools Co., Ltd. (note)	People's Republic of China	Registered capital	25%

Note: These companies have not been accounted for as associates as, in the opinion of the directors, the Group is not in a position to exercise significant influence over the management of these companies.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

19. INVENTORIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Raw materials	949	790
Finished goods	88,716	57,633
	<u>89,665</u>	<u>58,423</u>

Included in inventories are finished goods of HK\$1,500,000 (2002: HK\$10,255,000) carried at net realisable value.

20. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from cash on delivery to 120 days to its trade debtors. The aged analysis of trade debtors of HK\$112,143,000 (2002: HK\$95,986,000) which are included in the Group's debtors, deposits and prepayments are as follows:

	2003 HK\$'000	2002 HK\$'000
0 – 30 days	73,254	52,977
31 – 60 days	25,325	31,492
61 – 90 days	8,858	7,180
91 – 120 days	2,854	3,063
121 – 365 days	1,852	1,274
	<u>112,143</u>	<u>95,986</u>

The Company did not have any trade debtors at the balance sheet dates.

21. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At beginning and at end of the years 2002 and 2003	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At beginning and at end of the years 2002 and 2003	<u>445,500,000</u>	<u>22,275</u>

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

22. RESERVES

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE COMPANY			
At 1st January, 2002	153,728	185,447	339,175
Net profit for the year	–	32,989	32,989
Dividends paid (note 12)	–	(11,138)	(11,138)
	<hr/>	<hr/>	<hr/>
At 31st December, 2002	153,728	207,298	361,026
Net profit for the year	–	43,284	43,284
Dividends paid (note 12)	–	(13,365)	(13,365)
	<hr/>	<hr/>	<hr/>
At 31st December, 2003	<hr/> <u>153,728</u>	<hr/> <u>237,217</u>	<hr/> <u>390,945</u>

The Company's reserves available for distribution to shareholders as at 31st December, 2003 comprised the retained profits of HK\$237,217,000 (2002: HK\$207,298,000).

23. DEFERRED TAXATION

	Revaluation of investment properties HK\$'000	Revaluation leasehold land and building HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st January, 2002				
– as previously stated	–	–	–	–
– adjustment on adoption of SSAP 12 (Revised)	1,704	2,218	1,200	5,122
	<hr/>	<hr/>	<hr/>	<hr/>
At 1st January, 2002 as restated and at 31st December, 2002	1,704	2,218	1,200	5,122
Charge (credit) to income statement for the year	822	–	(163)	659
Effect of change in tax rate				
– charge to income	–	–	113	113
– charge to property revaluation reserve	–	208	–	208
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 2003	<hr/> <u>2,526</u>	<hr/> <u>2,426</u>	<hr/> <u>1,150</u>	<hr/> <u>6,102</u>

At the balance sheet date, the Group had unused tax losses of approximately HK\$109 million (2002: HK\$110 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

24. CREDITORS AND ACCRUED CHARGES

The aged analysis of the trade creditors of HK\$25,071,000 (2002: HK\$13,806,000) which are included in the Group's creditors and accrued charges are as follows:

	2003 HK\$'000	2002 HK\$'000
0 – 30 days	23,944	12,144
31 – 60 days	934	1,568
61 – 90 days	131	49
91 – 120 days	62	45
	<u>25,071</u>	<u>13,806</u>

The Company did not have any trade creditors at the balance sheet date.

25. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
The bank borrowings, which are all unsecured and due within one year, comprise:				
Bank overdrafts	113	145	–	–
Bank loans	10,816	27,697	2,500	15,000
Trust receipt	229,043	151,198	–	–
	<u>239,972</u>	<u>179,040</u>	<u>2,500</u>	<u>15,000</u>

26. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the balance sheet date, the Group and the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Within one year	1,400	1,501	422	650
In the second to fifth year inclusive	19	1,222	242	60
	<u>1,419</u>	<u>2,723</u>	<u>664</u>	<u>710</u>

Operating lease payments represents rentals payable by the Group and the Company for certain of its office premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

26. OPERATING LEASE COMMITMENTS (continued)

The Group as lessor:

Property rental income earned during the year was HK\$14,688,000 (2002: HK\$14,940,000). The properties held have committed tenants in the range from the next half year to three years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within one year	11,368	13,124
In the second to fifth year inclusive	5,129	16,954
	<u>16,497</u>	<u>30,078</u>

27. CONTINGENT LIABILITIES

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Extent of banking facilities utilised by subsidiaries in respect of which guarantees were given to banks by the Company	<u>237,472</u>	<u>178,895</u>

During the year, a subsidiary entered into a consignment agreement with a supplier in respect of the consignment inventories under the custody of the subsidiary. The Company gives a guarantee in respect of the payment and performance of the subsidiary pursuant to the consignment agreement. At 31st December, 2003, the consignment inventories amounted to HK\$787,000 (2002: Nil).

28. CAPITAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in the financial statements	<u>151</u>	<u>440</u>

29. PLEDGE OF ASSETS

At 31st December, 2003, certain leasehold properties with aggregate carrying value of HK\$7,498,000 (2002: HK\$7,577,000) were pledged to banks to secure banking facilities granted to the Group.

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

30. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The retirement benefits cost charged to the consolidated income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

31. RELATED PARTY TRANSACTION

During the year ended 31st December, 2002, the Company entered into an agreement with a subsidiary of an associate of the Group for the software development services to be provided to the Group at the consideration of HK\$755,000. In addition to the amount of HK\$453,000 paid in last year, the Company further paid HK\$151,000 during the year for this service.

32. SUBSIDIARIES

Particulars of the subsidiaries at 31st December, 2003 are as follows:

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital		Percentage of issued/ registered capital held by the Company	Principal activities
			Ordinary	Non-voting preferred (note)	%	
Asia Fame International Limited	Hong Kong	Hong Kong	HK\$1,000,000	–	100*	Manufacturing of electroplating chemicals and solutions
Bright Star Limited	Cook Islands	Hong Kong	US\$1,000	–	100	Investment holding
Charterway Developments Limited	Hong Kong	Hong Kong	HK\$1,000,000	–	100	Property investment
E.P. Resources Limited	Hong Kong	Hong Kong	HK\$10,000	–	100*	Securities investment and trading
Electrochemical Technologies Limited	Hong Kong	Hong Kong	HK\$2	–	100*	Securities investment
EngoTech Limited	Hong Kong	Hong Kong	HK\$10,000	–	100*	Manufacturing of and trading in electroplating chemicals and solutions
Ever Channel Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Global Trade Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Gold Asset Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

32. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital		Percentage of issued/ registered capital held by the Company	Principal activities
			Ordinary	Non-voting preferred (note)	%	
Jollifair Investments Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Investment holding
Kee Shing (Coins) Limited	Hong Kong	Hong Kong	HK\$1,000,000	-	100*	Securities trading
Kee Shing Hardware Supplies Limited	Hong Kong	Hong Kong	HK\$800,000	HK\$400,000	100	Trading in stainless steel
Kee Shing Industrial Products Limited	Hong Kong	Hong Kong, Taiwan, South Korea and Thailand	HK\$200	HK\$1,000,000	100*	Investment holding and trading in electroplating chemicals and metals
Kee Shing International Limited	Hong Kong	Hong Kong	HK\$2	-	100*	Securities investment
Kee Shing (Investments) Limited	Cook Islands	Cook Islands	US\$1,000	-	100*	Investment holding
Kee Shing Property Consultants (Shanghai) Co., Ltd.#	Shanghai	Elsewhere in the People's Republic of China	RMB2,902,060	-	100*	Property management
King Shen Industrial Products Company Limited	Taiwan	Taiwan	NT\$5,000,000	-	70	Trading in electroplating chemicals and metals
Kingsview Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	-	90	Property investment
Klendo Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	-	90*	Property investment
KSIP (Singapore) Pte. Ltd.	Republic of Singapore	Republic of Singapore	S\$1,000,000	-	51	Trading in electroplating chemicals and metal plating products
Pacific Apex International Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Investment holding
Pacific Wide Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	-	90	Property investment
Pakwell Investment Limited	Hong Kong	Hong Kong	HK\$10,000	-	55*	Inactive

Notes to the Financial Statements

KEE SHING (HOLDINGS) LIMITED

For the year ended 31st December, 2003

32. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital		Percentage of issued/ registered capital held by the Company	Principal activities
			Ordinary	Non-voting preferred (note)	%	
Sam Wing International Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$200	HK\$2,160,000	100*	Trading in chemicals and securities investment
Sam Wing Resources Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$3,000,000	–	55*	Trading in machinery and equipment
Sure Glory Ventures, Inc.	British Virgin Islands	Australia	US\$2	–	100*	Investment holding
Topbase Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Top Image Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Trendex Investment Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	100*	Property investment
Union Channel Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Union Crown Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Winbase Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment

* Directly held by the Company

A wholly foreign owned enterprise

None of the subsidiaries had any loan capital subsisting at 31st December, 2003 or at any time during the year.

Note: The non-voting preferred shares, which are not held by the Company, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

Particulars of Investment Properties

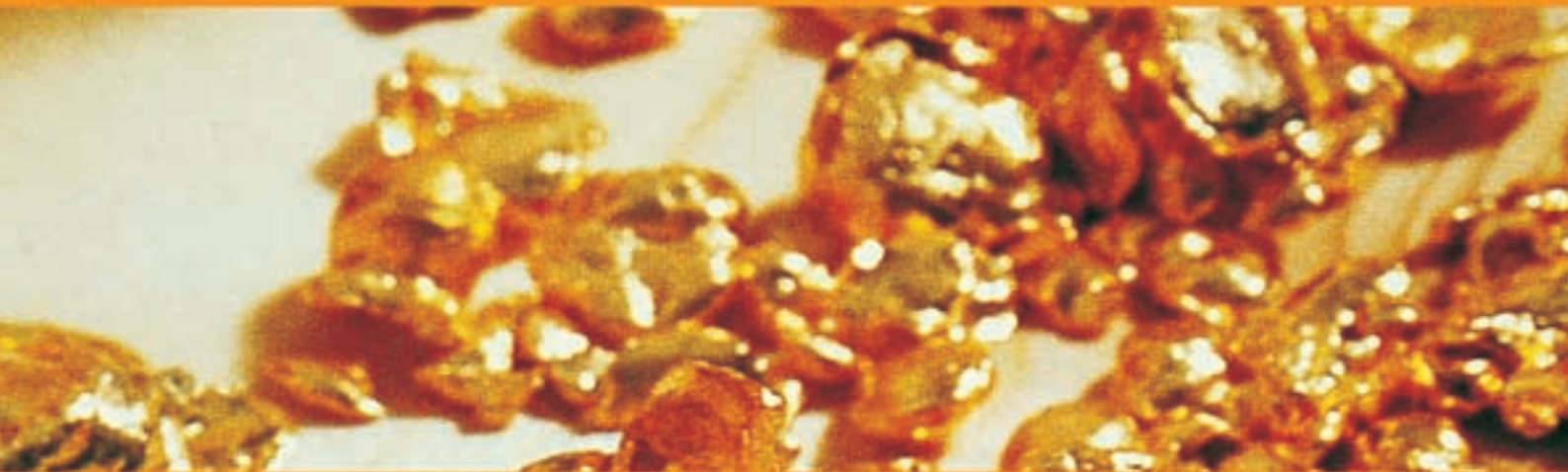
KEE SHING (HOLDINGS) LIMITED

At 31st December, 2003

LOCATION	TYPE	LEASE TERM
HONG KONG		
Units A, B, C, D and E on 2nd Floor, Kee Shing Centre, 74-76 Kimberley Road, Tsimshatsui, Kowloon Hong Kong	Commercial	Medium-term lease
ELSEWHERE IN THE PEOPLE'S REPUBLIC OF CHINA		
Units 1003, 1005, 1010, 1011, 1012, 1013 on 10th Floor, the whole of 11th and 12th Floors and the Multi-function Room on Roof, Novel Building, 887 Huai Hai Road Central, Luwan District, Shanghai People's Republic of China	Commercial	Medium-term lease
15th Floor, Shui On Plaza 333 Huai Hai Road Central, Luwan District, Shanghai People's Republic of China	Commercial	Medium-term lease
5D, 6A, 6E, 9F, 12E, 15F, 16A, 17F, 19E, 20A, 22C, 24E, 26A, 26F, 27A, 27F, 28A, 29E, 31E, 33E, of Huadua Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease
3B, 10D, 12E, 15C, 17C, 17D, 22D, 23D, 25D, 25F, 27C, 27F, 28C, 30D, 33D, 33F of Huali Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease
4B, 7B, 7F, 27C, 33E of Huaying Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease
5B, 8B, 9C, 9D, 10D, 11C, 12D, 24C, 33E, of Huaxin Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease



KEE SHING



KEE SHING (HOLDINGS) LIMITED

3rd Floor, Kee Shing Centre

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奇盛（集團）有限公司

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