KEE SHING (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 174)

RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2006

RESULTS

The Board of Directors are pleased to announce the audited consolidated results of the Group for the year ended 31st December, 2006 as follows:

Consolidated Income Statement
For the year ended 31st December, 2006

	2006	2005
	HK$'000	*HK$'000*
		(restated)
Turnover *(Note 3)*	**2,240,998**	1,964,169
Other income	**9,175**	3,043
Changes in inventories of finished goods	**144,405**	(1,895)
Purchases of goods held for resale	**(2,198,165)**	(1,793,878)
Raw materials and consumables used	**(56,580)**	(38,271)
Staff costs	**(27,902)**	(27,605)
Depreciation	**(2,665)**	(2,735)
Other expenses	**(29,813)**	(29,456)
Gain arising from changes in fair value of investments held for trading	**14,135**	5,591
Gain on disposal of available-for-sale investments	**585**	–
Gain on disposal of investment properties	**–**	1,336
Gain arising from changes in fair value of investment properties	**3,517**	9,955
Finance costs	**(15,574)**	(9,856)
Share of (loss) profit of associates	**(5,215)**	3,257
Gain on disposal of interest in an associate	**13,198**	–
Profit before taxation	**90,099**	83,655
Income tax expense *(Note 4)*	**(9,923)**	(11,881)
Profit for the year	**80,176**	71,774
Attributable to:		
Equity holders of the parent	**77,637**	70,240
Minority interests	**2,539**	1,534
	80,176	71,774
Dividends *(Note 5)*	**62,370**	89,100
Earnings per share – *basic (Note 6)*	**HK17.43 cents**	HK15.77 cents

Consolidated Balance Sheet
At 31st December, 2006

	2006	2005
	HK$'000	*HK$'000*
		(restated)
Non-current Assets		
Investment properties	**273,275**	266,561
Property, plant and equipment	**30,300**	33,532
Interests in associates	**453**	27,676
Available-for-sale investments	**14,258**	29,299
	318,286	357,068
Current Assets		
Inventories	**289,861**	145,431
Debtors, deposits and prepayments	**246,866**	159,900
Bills receivable	**24,270**	10,965
Investments held for trading	**179,833**	175,783
Taxation recoverable	**302**	37
Short term bank deposits	**86,857**	21,295
Bank balances and cash	**84,313**	78,849
	912,302	592,260
Current Liabilities		
Creditors and accrued charges	**84,077**	38,395
Amounts due to minority shareholders of subsidiaries	**10,408**	11,306
Taxation payable	**3,652**	3,894
Bank borrowings	**489,328**	272,928
	587,465	326,523
Net Current Assets	**324,837**	265,737
Total Assets Less Current Liabilities	**643,123**	622,805
Capital and Reserves		
Share capital	**22,275**	22,275
Reserves	**589,459**	571,124
Equity attributable to equity holders of the parent	**611,734**	593,399
Minority interests	**22,731**	21,733
Total Equity	**634,465**	615,132
Non-current Liabilities		
Deferred tax liabilities	**8,658**	7,673
	643,123	622,805

Notes:

1. **Review of Annual Results**

   The annual results have been reviewed by the Audit Committee.

2. **Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies**

   In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006 respectively. The adoption of the new HKFRSs has resulted in change to the Group's accounting policy in the following area that has an effect on the results for the current or prior accounting periods have been prepared and presented.

   Fair value option

   In the current year, the Group has applied HKAS 39 (Amendment) "The fair value option" which is effective for annual periods beginning on or after 1st January, 2006.

   Prior to 1st January, 2006, the Group designated certain financial instruments as at fair value through profit or loss. Upon the application of this amendment, the Group has reclassified certain financial instruments as available-for-sale investments which do not meet the conditions to be classified as at fair value through profit or loss.

   A debit adjustment of HK$60,000 has been transferred from the Group's retained earnings to investment revaluation reserve as at 1st January, 2005.

   For the financial impact on the Group's profit for the year, this change in accounting policy has resulted in a decrease in gain arising from changes in fair value of available-for-sale investments of HK$1,084,000 (2005: an increase in profit of HK$2,366,000).

Financial guarantee contracts

In the current year, the Group has applied HKAS 39 and HKFRS 4 (Amendments) "Financial guarantee contracts" which is effective for annual periods beginning on or after 1st January, 2006.

A financial guarantee contract is defined by HKAS 39 "Financial Instruments: Recognition and Measurement" as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument".

The adoption of HKAS 39 and HKFRS 4 (Amendments) has no material impact on the Group's consolidated financial statements.

Potential impact arising from the new accounting standards not yet effective

The Group has not early applied the new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The turnover and contributions to profit from operations of the Group for the year ended 31st December, 2006, analysed by business segments are as follows:

By business segments:

	For the year ended 31st December, 2006 Turnover				For the year ended 31st December, 2005 Turnover			
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Total** *HK$'000*	**Segment result** *HK$'000*	External sales *HK$'000*	Inter-segment sales *HK$'000*	Total *HK$'000*	Segment result *HK$'000*
Sales of chemicals and metals	**2,219,620**	**–**	**2,219,620**	**71,657**	1,943,494	–	1,943,494	65,862
Property investment	**16,985**	**1,299**	**18,284**	**17,190**	15,766	1,200	16,966	23,316
Security investment	**2,976**	**–**	**2,976**	**17,203**	4,170	–	4,170	10,475
Other activities	**1,417**	**–**	**1,417**	**125**	739	–	739	72
Eliminations	**–**	**(1,299)**	**(1,299)**	**–**	–	(1,200)	(1,200)	–
Consolidated	**2,240,998**	**–**	**2,240,998**	**106,175**	1,964,169	–	1,964,169	99,725
Interest income from bank deposits				**3,611**				2,282
Unallocated other income				**3,578**				761
Unallocated corporate expenses				**(15,674)**				(12,514)
Finance costs				**(15,574)**				(9,856)
Share of (loss) profit of associates				**(5,215)**				3,257
Gain on disposal of interest in an associate				**13,198**				–
Profit before taxation				**90,099**				83,655
Income tax expense				**(9,923)**				(11,881)
Profit for the year				**80,176**				71,774

4. Income tax expense

	2006 *HK$'000*	2005 *HK$'000*
The tax charge attributable to the Group comprises:		
Current taxation		
Hong Kong Profits Tax	**7,989**	7,616
Profits Tax outside Hong Kong	**2,189**	1,886
	10,178	9,502
(Over) underprovision in prior years		
Hong Kong Profits Tax	**(261)**	1,374
Profits Tax outside Hong Kong	**(639)**	(47)
	(900)	1,327
	9,278	10,829
Deferred taxation	**645**	1,052
	9,923	11,881

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years. Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

5. **Dividends**

	2006	2005
	HK$'000	*HK$'000*
Interim dividend paid in respect of 2006 of 4 cents (2005: 10 cents) per ordinary share	**17,820**	44,550
Final dividend paid in respect of 2005 of 10 cents (2004: 10 cents) per ordinary share	**44,550**	44,550
	62,370	89,100

6. **Earning per share**

The calculation of the basic earnings per share attributable to equity holders of the parent is based on the profit for the year of HK$77,637,000 (2005 as restated: HK$70,240,000) and on 445,500,000 ordinary shares (2005: 445,500,000 ordinary shares) in issue during the year.

The following table summaries the impact on basis earnings per share as a result of the change in accounting policy:

	2006	2005
	HK cents	*HK cents*
Reported figures before adjustments	**17.61**	15.24
Adjustments arising from changes in accounting policy	**(0.18)**	0.53
Restated	**17.43**	15.77

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in either 2006 or 2005.

7. **Consolidated Statement of Changes in Equity**

	Attributable to equity holders of the parent								
	Share capital	**Share premium**	**Property revaluation reserve**	**Investment revaluation reserve**	**Translation reserve**	**Retained profits**	**Total**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2006	22,275	153,728	18,226	(2,426)	1,571	400,025	593,399	21,733	615,132
Gain on structured bank deposits	–	–	–	1,084	–	–	1,084	–	1,084
Exchange differences arising on translation of overseas operations	–	–	–	–	1,310	–	1,310	878	2,188
Share of an associate's movement in reserves	–	–	–	–	(808)	–	(808)	–	(808)
Surplus on revaluation upon transfer from property, plant and equipment to investment properties	–	–	788	–	–	–	788	757	1,545
Deferred tax on surplus on revaluation upon transfer from property, plant and equipment to investment properties	–	–	(174)	–	–	–	(174)	(166)	(340)
Net income recognised directly in equity	–	–	614	1,084	502	–	2,200	1,469	3,669
Profit for the year	–	–	–	–	–	77,637	77,637	2,539	80,176
Released from disposal of an associate	–	–	–	–	868	–	868	–	868
Total recognised income for the year	–	–	614	1,084	1,370	77,637	80,705	4,008	84,713
Distribution from winding up of a subsidiary	–	–	–	–	–	–	–	(2,736)	(2,736)
Dividends paid	–	–	–	–	–	(62,370)	(62,370)	(274)	(62,644)
At 31st December, 2006	**22,275**	**153,728**	**18,840**	**(1,342)**	**2,941**	**415,292**	**611,734**	**22,731**	**634,465**

DIVIDENDS

The Board will recommend at the forthcoming annual general meeting a final dividend of HK6.0 cents (2005: HK10.0 cents) per share payable on or before 21st June, 2007 to shareholders whose names appear on the register of members of the Company on 25th May, 2007. Including interim dividend, total dividends for the year will be HK10.0 cents per share (2005: HK20.0 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22nd May, 2007 to 25th May, 2007, 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 shares certificates must be lodged with the Company's share registrars, Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 21st May, 2007.

BUSINESS REVIEW

Trading Division

Electroplating Materials and Chemicals

The electroplating material segments reported revenues of HK$2,060.1 million in 2006, up 17.1% compared with HK$1,759.2 million in fiscal 2005. Despite lower sales quantities during the year, the record-high revenues were principally attributable to strong metal prices. During the year, highly volatile metal prices over a short period of time had a significant impact to the demand in electroplating industry. As a result of reducing buying interests among customers in anticipation of rising prices, overall performance was dimmed by de-stocking effect in China and South-East Asian region. Decreasing physical demand put strong pressure on margin as competitors relentlessly sold goods at discount for the need of working capital. This phenomenon continued in the first quarter of 2007.

Precious Metal Products

In 2006, higher gold and silver prices continued. Demand of gold products in China region was stable while demand in Singapore market grew robustly due to absence of Chinese competitors. Overall demand in silver products shrunk in traditional electroplating industry as many silver-plating factories decided to cease operation when facing persistent upward pressure in production costs. Abundant supply from Chinese silver producers also squeezed the premium at low level throughout the year. With the anticipation of rising prices, many end-customers reduced their size of purchase conservatively. Other traditional plating chemicals' consumption fell due to replacement of new technology.

Base Metal Products

Although sales quantities of electroplating nickel fell by one-third when compared with that in 2005, total nickel revenues only dropped slightly by 0.5%, mainly benefited by exceptional strong nickel price. At the end of the year, nickel market price soared more than 2.5 times when compared with price at the beginning of 2006. With concerns of working-capital financing and price volatility, many nickel importers sold nickel products at discount against international market prices. As a result, our profit margin was also squeezed by these competitors. Stockpiling situation endured in the second half year of 2006 and the first quarter of 2007. During the de-stocking period, the record-high cost of nickel forced many customers to be conservative with their inventories or even changed to other materials for application instead. Electroplating copper demand was stronger than last year as economic activity picked up in many countries. With anticipation of continuous global economic growth, copper demand remains strong in the first quarter of 2007.

Total inventory level as at 31st December, 2006 doubled to HK$274.7 million when compared with HK$129.7 million as at 31st December, 2005. The advances in metal prices, in particular of nickel price at the year end, significant boosted up the cost of inventory we purchased at the year end. As greater price volatility in metals was demonstrated at the beginning of 2007, we have purposely reduced the size of purchase in line with shrinking demand in local markets and conservatively controlled the inventory at affordable level.

Paint and Coating Chemicals

Performance of specialty chemical market in China was unsatisfactory in 2006. Annual revenue dropped by 24.5% while gross profit fell by 20.7%. Global chemicals prices soared in the first half year of 2006 mainly because of increases in global raw material costs such as oil and natural gas based products. In contrary, China's local chemical suppliers, who suffered from growing stockpiling and slow sales, continued to sell goods at discount. With the implementation by the Chinese government's macro-economic control and rectification measures on safety and environmental production problem, demand in many local chemical factories shrunk significantly, especially those located in the Pearl River Delta area. However, Chinese local stockpiling situation persisted and discounted sales were common. Average selling price of one major trading product in China fell 26.2% compared with average selling price in 2005. In 2006, we managed to service mainly on foreign customers who concerned more on quality and services. Also we explored new users on high-ended chemical products.

Stainless Steel

Segment of stainless steel trading recorded a distinguished performance both in revenue and profitability due to strong recovery in stainless steel industry since the latter part of 2005. Stainless steel base prices advanced throughout the year. The strong recovery in stainless steel market in 2006 resulted from alarming constraints of elements in production of stainless steel including nickel, ferrochrome and molybdenum. These constraints limited the stainless steel production volume and caused an unusual tight supply from our suppliers during the year. At the beginning of 2007, tight supply continued and same as rising base prices. During the year, the underlying demands in local market reduced because upward rally in stainless steel prices put strong pressure on production cost among local factories especially watches manufacturers. Yet, our inventory shortage situation remained at the end of 2006 because of delayed shipment among suppliers and this situation has not been changed in the beginning of 2007.

Property Investment Division
Total rental income rose by 7.8% to HK$17.0 million in fiscal year of 2006 when compared with HK$15.8 million in 2005.

Occupancy rate for Hong Kong offices was 100% in 2006 when compared with an average rate of 89.3% in 2005. Demand of Grade "B" office spaces was strong throughout the year. Average market rental remained firm and stable. Selling prices also soared in this segment during the year. We credited HK$2.53 million, or an increase of 22.2%, on revaluation of Hong Kong properties after revalued by appointed surveyor as at 31st December, 2006.

Average occupancy rate of Shanghai offices in 2006 was 99.9% (2005: 100%). Office rentals continued to grow in Shanghai due to rapid expansion of business among small and multi-national companies. Vacancy rate of Shanghai offices in prime location fell to almost zero since the second half year of 2006. Average selling price of Grade "A" offices also rose in 2006 due to rising gross rental yield. We credited HK$3.01 million on revaluation of our Shanghai office properties as at 31st December, 2006.

Average occupancy rate of Shanghai residential properties in 2006 was at 93.3% while 81.3% was recorded in 2005. As at 31st December, 2006, occupancy rate was at 97.8%. Shanghai residential property market was clamped down by the implementation of Chinese government administrative measures to curb speculative activities. Following market turmoil and slack transaction volume, residential prices of Shanghai stabilized towards the end of the year. As at 31st December, 2006, we debited HK$2.12 million on revaluation of Shanghai residential properties after revalued by appointed surveyor.

Securities Investment Division
Although the world was experienced with military conflicts, sharp rising in energy and commodities prices, and collapse of large hedge funds, overall equities markets performed remarkably in 2006. Global economy was in resilient in 2006 with inflation contained and the growth of major economies hovering around the trend. US dollar continued to show volatility throughout the year. Performance of equities outpaced bonds as multi-national companies posted attractive earnings reports quarter after quarter. Loose liquidity conditions still existed in global markets, resulted a decline in volatility in foreign exchange market and other assets classes in the second half year of 2006.

In 2006, we unloaded some weights in bond-related securities and took profits from selling equity-related securities in view of rally in global equity markets. At the end of the year, a gain arising from changes in fair value of investment held for trading of HK$14.1 million was recorded. Also, a disposal of a long term investment is an unlisted chinese equity gained HK$585,000. Dividend income was reported at HK$2.5 million in 2006 (2005: HK$2.4 million). Interest income generated from the portfolio was reported at HK$1.5 million whereas HK$1.7 million was posted in 2005.

Outlook of global financial markets remained positive with expectation of modest growth in global economies, tame inflation and buoyed employment figures. It is expected that financial markets will experience another year of volatility in 2007, with concern of impact on unwinding of carry trade, housing slump in U.S., liquidity tightening across global central banks. We will cautiously re-allocate assets in the portfolio so as to diversify the risk of volatility during the year of 2007.

EMPLOYEES
Total number of staff reduced by 2 to 83 persons as at 31st December, 2006. Employee turnover rate during the year was in acceptable level and staff turnover group concentrated at young staff under 35 years old with less experience.

Staff cost increased by 1.08% in the fiscal year of 2006 to HK$27.9 million when compared to HK$27.6 million in 2005. The rise in employees' salaries and other benefits was in line with market inflation. Total long service payments obligation of the Group was at HK$2.16 million as of 31st December, 2006.

In 2007, the management will continue to encourage staff to continue his/her further studies. Also, the company will introduce different kinds of internal or external courses to staff so as to enhance staff's knowledge and to upgrade operation efficiency.

FINANCIAL RESOURCES AND LIQUIDITY
For the fiscal year of 2006, cash outflow from operation jumped to HK$122.2 million. Due to exceptional strong metal prices in the fourth quarter of 2006, additional bank borrowings were required to finance inventory and receivables. Equity attributable to equity holders of the parent company as at 31st December, 2006 advanced to HK$611.7 million after the Group distributed dividend totaling HK$62.4 million during the year. Return on equity ratio for 2006 rose to 12.7% when compared with 11.8% for 2005.

Primarily due to the rise in inventory cost and trade receivable, working capital as 31st December, 2006 rose to HK$324.8 million when compared with HK$265.7 million as at 31st December, 2005. Inventory as at 31st December, 2006 advanced to HK$289.9 million, representing an increase of 99.4% when compared with HK$145.4 million as at 31st December, 2005. Nickel metal began in 2006 with an international price of US$13,786 per metric ton and ended with a price of US$34,025 per metric ton. Trade debtor amounted to HK$230.2 million as at 31st December, 2006, representing a rise of 60.3% when compared with HK$143.6 million as at 31st December, 2005..

The Group recorded cash balance of HK$171.2 million as at 31st December, 2006, a rise of HK$71.0 million when compared with HK$100.1 million as at 31st December, 2005. A negative net cash at the fiscal year end widened to HK$318.2 million (as at 31st December, 2005: negative HK$172.8 million). The expanded negative net cash was partly due to larger outflow of cash dividend distributed in the past 2 years and partly due to an abnormal increase in bank borrowing at the year end to finance the rise in inventory and trade receivable.

DEBT STRUCTURE

All borrowings were in form of Money Market bank loans, Overdraft and Trust Receipt for the fiscal year ended 31st December, 2006. Average lending tenor for Trust Receipt in financing trading facilities was about 54 days during the year, 2 days shorter than 56 days in fiscal year of 2005. Money-Market bank loans were either used to finance additional stocks held or securities assets purchased in the same foreign currencies. Total finance cost during the year amounted to HK$15.6 million (2005: HK$9.9 million).

Total bank borrowings as at 31st December, 2006 was HK$489.3 million (as at 31st December, 2005: HK$272.9 million). As at 31st December, 2006, total banking facilities granted by lenders to the Group amounted to HK$727.9 million and the average banking utilization rate was 45.3%. Debt to equities ratio rose to 0.80: 1 as at the fiscal year ended 31st December, 2006 when compared with 0.46:1 as at the year ended 31st December, 2005.

FOREIGN CURRENCY RISK

In order to reduce the risk, the Group normally used forward exchange contracts to hedge the return currency of such transaction or borrowed the same currency to fund such transaction. As at 31st December, 2006, there were US$1,500,000 forward contracts of New Taiwan Dollar outstanding to be expired on January and February of 2007. Short-term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies.

OUTLOOK

It is undoubtedly that 2006 was a challenging year, including high energy and commodity prices, uncertainties in geopolitical conflicts, competitive pressures from different rivals in China, increasing scrutiny and regulations among governments and regulatory bodies, squeezing profits arising from globalization, and depreciation of asset value denominated in U.S. dollar and Hong Kong Dollar. However, the Group confronted these challenges and experienced a good result in 2006, primarily because of cautious approach in balancing different kinds of risks faced to the Group day to day. All staff in the Group also made substantial efforts and contributions to oversee the Group's business, strategies, internal controls and human development throughout the year. Again, I would like to take this opportunity to thank their commitment.

In the year of 2007, global economic outlook remains positive and China's economic growth is expected to grow strong continuously. Increasing risks with rising energy and commodity prices and uncertainties in geopolitical tension will still cloud the business operating environment. With the continued commitments of our staff, the support of the management team, shareholders, suppliers, customers and bankers, we are confident to focus our expertise and take opportunity to grow our business towards the year 2007.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31st December, 2006 with the Code in Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Exchange"), with which it is required to report compliance.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARE DEALING

All directors have confirmed that they complied with the required standards set out in the Model Code for Directors' Share Dealing as set out in Appendix 10 to the Listing Rules throughout the review period.

REMUNERATION COMMITTEE

The Remuneration Committee met once during the year. Its members are Mr. Wong Kong Chi, Mr. Lai Chung Wing, Robert, Mr. Chan Wing Lee and Mr. Wong Chi Kin. Except Mr. Wong Chi Kin, all three directors are independent non-executive directors.

The role of the Committee is to assist the Board to oversee the policy and structure of the remuneration of the directors and senior management of the Company and to approve specific remuneration packages of all executive directors and senior management.

AUDIT COMMITTEE

The Audit Committee, under the chairmanship of Mr. Wong Kong Chi, consists of three independent non-executive directors .The Audit Committee is required, amongst other things, to oversee the relationship with external auditors, review the Company's annual and interim financial statements, and evaluate the Group's internal controls and risk management systems. During the year, the Audit Committee has reviewed the Group's internal controls and risk exposure.

PUBLICATION OF ANNUAL REPORT ON THE EXCHANGE'S WEBSITE

The Company's annual report containing all the information required by the Listing Rules will be published on the website of the Stock Exchange and the Company in due course. Printed copies will be sent to shareholders on or about 27 April 2007.

As at the date hereof, the Board consists of the following persons:

Executive Directors:
Leung Shu Wing *(Chairman)*
Leung Miu King
Wong Chi Kin
Wong Choi Ying

Non-Executive Directors:
Yuen Tin Fan, Francis

Independent Non-Executive Directors:
Wong Kong Chi
Lai Chung Wing, Robert
Chan Wing Lee

Leung Shu Wing
Chairman

Hong Kong, 12th April, 2007

Please also refer to the published version of this announcement in The Standard.