2005
INTERIM REPORT

Kee Shing (Holdings) Limited
奇 盛 （ 集 團 ） 有 限 公 司
(Incorporated in Hong Kong with limited liability)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Leung Shu Wing – *Chairman*
Leung Miu King, Marina – *Managing Director*
Wong Chi Kin
Wong Choi Ying

Non-Executive Director

Yuen Tin Fan, Francis

Independent Non-Executive Directors

Wong Kong Chi
Lai Chung Wing, Robert
Chan Wing Lee

AUDIT COMMITTEE

Wong Kong Chi – *Chairman*
Lai Chung Wing, Robert
Chan Wing Lee
Wong Choi Ying – *Secretary*

REMUNERATION COMMITTEE

Wong Kong Chi – *Chairman*
Lai Chung Wing, Robert
Chan Wing Lee
Wong Chi Kin
Wong Choi Ying – *Secretary*

COMPANY SECRETARY

Wong Choi Ying

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 Habour View Centre
56 Gloucester Road
Wanchai, Hong Kong

REGISTERED OFFICE

3rd Floor, Kee Shing Centre
74-76 Kimberley Road
Tsimshatsui, Kowloon, Hong Kong

FINANCIAL HIGHLIGHT

	Six months ended 30th June, 2005 HK$'000 (Unaudited)	2004 HK$'000 (restated) (Unaudited)	Year ended 31st December, 2004 HK$'000 (restated) (Audited)
Turnover	**943,972**	870,320	1,770,634
Profit before taxation	**41,022**	22,195	62,031
Profit Attributable to Company's Shareholders	**33,611**	17,275	51,362
Dividend	**44,550**	44,550	89,100
Total Borrowings	**271,784**	277,740	302,130
Total Equity (including minority interests)	**625,554**	631,181	630,191
Net Cash Inflow/(Outflow) before Financing	**13,522**	(30,927)	(44,765)
Net Cash Inflow/(Outflow) in Financing	**(75,169)**	24,820	1,419
Capital Expenditure	**1,860**	1,344	3,407
Earnings Per share (basic – HK cents)[1]	**7.5¢**	3.9¢	11.5¢
Dividend Per Share	**10.0¢**	10.0¢	20.0¢
Equity attributable to Company's Shareholders per share	**HK$1.36**	HK$1.38	HK$1.37
Interest Cover (times)[2]	**12.22x**	13.69x	13.68x
Dividend Cover (times)[3]	**0.75x**	0.39x	0.58x

Note:

1. Earning per shares is calculated by dividing profit attributable to shareholders by 445,500,000 shares in issue during 30th June, 2005. (30th June, 2004 and 31st December, 2004: 445,500,000 shares)

2. Interest cover is calculated by dividing profit before taxation and finance costs by finance costs.

3. Dividend cover is calculated by dividing Earning Per Share by Dividend Per Share.

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

After the adoption of new Hong Kong Financial Reporting Standards ("new HKFRSs") effective from 1st January, 2005, profit attributable to the Group's shareholders for the first six months ended 30th June, 2005 was reported at HK$33.6 million, representing a rise of 94.2 % when compared with HK$17.3 million for the same period last year. The rise was mainly due to the increase in trading metal and chemical prices as well as gain from disposal of 4 unit flats in Shanghai properties.

The Directors of the Board has today declared an interim dividend of HK 10.0 cents per share (2004: HK 10.0 cent per share) to shareholders whose are registered as such at the close of business on 13th October, 2005. The share registers will be closed from 10th October, 2005 to 13th October, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share register, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 7th October, 2005.

BUSINESS REVIEW

Total turnover on sales of chemicals and metals for the first half year of 2005 rose by 10.8% to HK$933.3 million primarily contributed by the rise in metal and chemical prices. Revenue distribution on trading unit of electroplating metals and chemicals increased by 7.3%, 23.7% on trading unit of stainless steel, and 18.1% on trading unit of paint and coating chemicals unit respectively. Segment profits, however, slightly grew by 2.9% to HK$24.8 million as profit margin was trimmed during the period under review due to keen price competition and de-stocking effect in China market. Lack of skilled labors and shortage in electricity also reduced the overall demand interests on many factories located in China, and such trend was intensified close to the end of second quarter and early of third quarter of 2005.

The property investment segment contributed HK$17.0 million in profit during the reviewed period, including a gain of revaluation of investment properties as at 30th June, 2005 of HK$10.0 million. Segment profits generated by rental income rose by 35.7% to HK$5.7 million, mainly contributed by the rental growth in Shanghai office properties. Occupancy rates on Shanghai office properties were encouraging during the period due to limited supply on prime office spaces and strong rental demand by foreign institutions. Hong Kong office, however, performed fairly as ample supply on second-tier offices spaces limited the rental demand growth. During the period, the Group sold 4 residential units in Shanghai with a gain of HK$1.3 million. As Shanghai government had implemented several measures to cool down Shanghai property markets, in particular on residential properties, in the second quarter of 2005, buyers' interests was greatly shrinking. Contribution from sales of Shanghai residential properties is expected to decrease in the second half year of 2005.

During the period under review, with the expectation of continuous raises on U.S. interest rates and global inflation threats, the Group has restructured its securities portfolio targeting on both assets allocation and risk allocation. After adoption of Hong Kong Accounting Standards 32 and 39, all securities in the Group's portfolio (including available-for-sales investments were reported at cost less impairment loss) were valued at fair market price as at 30th June, 2005. Segment results improved to HK$2.8 million when compared with a loss of HK$1.0 million for the first half year of 2004. Higher dividend payout from most corporations also increased investment income generated from the portfolio. As at 30th June, 2005, the Group recorded an unrealized loss of HK$2.2 million and a small realized gain of HK$12K after disposal of HK$6.2 million of securities.

AUDIT COMMITTEE

Up to the date of this interim report date, the Group's audit committee has met three times to review audit findings, accounting principles and practices adopted by the Group, and to discuss internal and external risk control areas before submission of the management and financial reports to the Board of Directors for approval. The external auditors together with the Group's managing director, finance director and assistant financial controller have attended all meetings.

PROSPECTS

Amid tightness in global supply on various metals and raw materials, overall metals and chemicals market prices is expected to buoy at a high level in the second half year of 2005. However, market demand growth is filled with uncertainties accompanied with factors like surging oil price, power shortage in Mainland China, continuous increases in borrowing rates, etc. Most factories are still unable to pass full rising costs of raw materials to their customers. Cautious monitoring on inventory level and purchases strategies stays put our prime objectivity in trading operation. Rental market in Shanghai offices remains strong in the third quarter. The Group's securities portfolio is ongoing restructuring in the third quarter to cope with changes in global financial markets. In the following half year of 2005 and days afterwards, we will keep focus on managing risks in dealing with such challenging environment and seek for better return for the Group's shareholders.

LEUNG SHU WING
Chairman

Hong Kong, 21st September, 2005

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2005

	Notes	Six months ended 30.6.2005 HK$'000 (unaudited)	Six months ended 30.6.2004 HK$'000 (restated) (unaudited)
Turnover	4	**943,972**	870,320
Other operating income	5	**1,901**	3,474
Changes in inventories of finished goods		**(9,342)**	14,214
Purchases of goods held for resale		**(856,251)**	(820,657)
Raw materials and consumables used		**(20,565)**	(10,144)
Staff costs		**(11,036)**	(10,268)
Depreciation and amortisation		**(1,371)**	(932)
Other operating expenses		**(16,831)**	(16,860)
Gain arising from changes in fair value of investments held for trading/net realised and unrealised loss on other investments		**1,070**	(3,129)
Loss arising from changes in fair value of other financial assets		**(1,506)**	–
Gain on disposal of investment properties		**1,336**	–
Gain arising from changes in fair value of Investment properties		**9,955**	–
Finance costs	6	**(3,656)**	(1,749)
Share of profit(loss) of associates		**3,346**	(2,074)
Profit before taxation		**41,022**	22,195
Income tax expense	7	**(6,300)**	(4,610)
Profit for the period		**34,722**	17,585
Attributable to:			
Equity holders of the parent		**33,611**	17,275
Minority interests		**1,111**	310
		34,722	17,585
Dividend	8	**44,550**	11,138
Earnings per share	9	**7.5 cents**	3.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2005

	Notes	30.6.2005 HK$'000 (unaudited)	31.12.2004 HK$'000 (restated) (audited)
Non-current Assets			
Investment properties	10	**266,561**	260,326
Property, plant and equipment		**34,502**	34,445
Interests in associates	11	**28,358**	24,938
Available-for-sale investments	12	**585**	–
Investments in securities		**–**	23,419
Long term bank deposits		**29,307**	31,080
Equity-linked deposits		**–**	768
		359,313	374,976
Current Assets			
Inventories	13	**138,139**	147,332
Debtors, deposits and prepayments	14	**169,726**	145,875
Bills receivable		**26,220**	27,187
Investments held for trading		**174,331**	–
Investments in securities		**–**	128,330
Taxation recoverable		**86**	235
Short term bank deposits		**42,259**	96,157
Bank balances and cash		**59,797**	67,670
		610,558	612,786
Current Liabilities			
Creditors and accrued charges	15	**43,673**	32,119
Bills payable		**1,285**	–
Amounts due to minority shareholders of subsidiaries		**12,400**	–
Taxation payable		**7,506**	4,301
Bank borrowings	16	**271,784**	302,130
		336,648	338,550
Net Current Assets		**273,910**	274,236
Total Assets Less Current Liabilities		**633,223**	649,212
Capital and Reserves			
Share capital	17	**22,275**	22,275
Reserves		**582,068**	588,142
Equity attributable to equity holders of the parent		**604,343**	610,417
Minority interests		**21,211**	19,774
Total Equity		**625,554**	630,191
Non-current Liabilities			
Amounts due to minority shareholders of subsidiaries		**–**	12,400
Deferred tax liabilities	18	**7,669**	6,621
		7,669	19,021
		633,223	649,212

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2005

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Investment property revaluation reserve	Property 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$'000*	*HK$'000*
At 1st Janaury, 2004										
– as originally stated	22,275	153,728	22,988	6,860	11,366	1,698	387,860	606,775	17,592	624,367
– effect of change in accounting policy *(notes 2)*	–	–	–	–	–	–	970	970	–	970
– as restated	22,275	153,728	22,988	6,860	11,366	1,698	388,830	607,745	17,592	625,337
Exchange differences arising on translation of overseas operations	–	–	–	–	–	(588)	–	(588)	65	(523)
Share of an associate's movement in reserves	–	–	–	34	(1)	60	1	94	–	94
Net income (expense) recognised directly in equity	–	–	–	34	(1)	(528)	1	(494)	65	(429)
Profit for the period	–	–	–	–	–	–	17,275	17,275	310	17,585
Total recognised income and expense for the period	–	–	–	34	(1)	(528)	17,276	16,781	375	17,156
Dividend paid	–	–	–	–	–	–	(11,138)	(11,138)	(174)	(11,312)
At 30th June, 2004	22,275	153,728	22,988	6,894	11,365	1,170	394,968	613,388	17,793	631,181
Surplus arising on revaluation of investment properties	–	–	–	8,356	–	–	–	8,356	–	8,356
Minority interests' share of surplus arising on revaluation of investment properties	–	–	–	(572)	–	–	–	(572)	572	–
Exchange difference arising on translation of overseas operations	–	–	–	–	–	473	–	473	347	820
Share of an associate's movement in reserves	–	–	–	(34)	1	25	1	(7)	–	(7)
Deferred tax liability on revaluation of properties	–	–	–	(695)	–	–	–	(695)	–	(695)
Net income recognized directly in equity	–	–	–	7,055	1	498	1	7,555	919	8,474
Profit for the period	–	–	–	–	–	–	34,024	34,024	1,062	35,086
Total recognised income and expense for the period	–	–	–	7,055	1	498	34,025	41,579	1,981	43,560
Dividend paid	–	–	–	–	–	–	(44,550)	(44,550)	–	(44,550)
At 31st December, 2004	22,275	153,728	22,988	13,949	11,366	1,668	384,443	610,417	19,774	630,191

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30th June, 2005

	Attributable to equity holders of the Company									
	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	Minority interests HK$'000	Total equity HK$'000
At 1st January, 2005	22,275	153,728	22,988	13,949	11,366	1,668	384,443	610,417	19,774	630,191
Opening balance adjustments:										
– transfer *(note)*	–	–	–	(6,860)	6,860	–	–	–	–	–
– effects of changes in accounting policies *(notes 2 and 3)*	–	–	(22,988)	(7,089)	–	–	34,382	4,305	–	4,305
At 1st January, 2005 as restated	22,275	153,728	–	–	18,226	1,668	418,825	614,722	19,774	634,496
Exchange differences arising on translation of overseas operations	–	–	–	–	–	486	–	486	(294)	192
Released from winding up of a subsidiary	–	–	–	–	–	–	–	–	900	900
Share of an associate's movement in reserves	–	–	–	–	–	73	1	74	–	74
Net income recognised directly in equity	–	–	–	–	–	559	1	560	606	1,166
Profit for the period	–	–	–	–	–	–	33,611	33,611	1,111	34,722
Total recognised income and expense for the period	–	–	–	–	–	559	33,612	34,171	1,717	35,888
Dividend paid	–	–	–	–	–	–	(44,550)	(44,550)	(280)	(44,830)
At 30th June, 2005	22,275	153,728	–	–	18,226	2,227	407,887	604,343	21,211	625,554

Note:

The balance of investment property revaluation reserve of the Group at 31st December, 2004 includes an amount of HK$6,860,000 (2003: 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 transferred back to property revaluation reserve and will be transferred to retained profits when the relevant properties are disposed of. Such revaluation reserve is reallocated to property revaluation revenue for easier identification.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2005

	Six months ended 30.6.2005 *HK$'000* (unaudited)	Six months ended 30.6.2004 *HK$'000* (unaudited)
Net cash from (used in) operating activities	**29,277**	(31,082)
Net cash (used in) from investing activities	**(15,755)**	155
Net cash (used in) from financing activities	**(75,169)**	24,820
Net decrease in cash and cash equivalents	**(61,647)**	(6,107)
Cash and cash equivalents at beginning of the period	**163,827**	207,012
Effect of foreign exchange rate changes	**(124)**	35
Cash and cash equivalents at end of the period	**102,056**	200,940
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**42,259**	132,130
Bank balances and cash	**59,797**	68,810
	102,056	200,940

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2005

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (HKAS 34) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2004 except as described below:

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (Int.)(hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Business Combination

In the current period, the Group has applied HKFRS 3 "Business Combinations", which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves, and negative goodwill arising on acquisitions after 1st January, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill, which amounted to HK$22,988,000 at 1st January, 2005 and was previously recorded in reserves, with a corresponding increase to retained profits.

Financial Instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investment in Securities" (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Available-for-sale financial assets" are carried at cost less impairment, as fair value cannot be reliably measured. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised costs using the effective interest method.

On 1st January, 2005, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. An adjustment of HK$4,305,000 to the previous carrying amounts of assets and liabilities at 1st January, 2005 has been made to the Group's retained earnings.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

Investment Properties

In the current period, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor accounting standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st January, 2005 onwards. The amount held in investment property revaluation reserve at 1st January, 2005 of HK$7,089,000 has been transferred to the Group's retained profits.

Deferred Taxes related to Investment Properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor interpretation. In the current period, the Group has applied HKAS Interpretation 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated.

The Group has not early applied the following new Standards or Interpretations that have been issued but are not yet effective.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissing, Restoration and Environmental Rehabilitation Funds

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in future as to how the results and financial position are prepared and presented.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the adoption of new HKFRSs on the results for the six months ended 30th June, 2005 and 2004 (unaudited) are as follows:

	2005	2004
	HK$'000	*HK$'000*
Gain arising from changes in fair value of investments held for trading	**4,297**	–
Loss arising from changes in fair value of other financial assets	**(1,506)**	–
Increase in share of loss of associates	**(127)**	(33)
Decrease in income tax expense	**127**	33
Decrease in deferred tax on revaluation of investment properties (including in income tax expense)	**(322)**	–
Gain arising from changes in fair value of investment properties	**9,955**	–
Increase in profit for the period	**12,424**	–

The cumulative effects of the application of the new HKFRSs as at 31st December, 2004 and 1st January, 2005 are summarised below:

	As at 31st December, 2004 (originally stated)	**Retrospective adjustments**		**As at 31st December, 2004 (restated)**	**Adjustments**			**As at 1st January, 2005 (restated)**
		HKAS 1 & HKAS 27	**HKAS Int. 21**		**HKFRS 3**	**HKAS 39**	**HKAS 40**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investments in securities (Non-current)	23,419	–	–	23,419	–	4,305	–	27,724
Deferred tax liabilities	(7,473)	–	852	(6,621)	–	–	–	(6,621)
Total effects on assets and liabilities		–	852		–	4,305	–	
Retained profits	383,536	–	907	384,443	22,988	4,305	7,089	418,825
Capital reserve	22,988	–	–	22,988	(22,988)	–	–	–
Investment properties revaluation reserve	7,144	–	(55)	7,089	–	–	(7,089)	–
Minority interests	–	19,774	–	19,774	–	–	–	19,774
Total effects on equity		19,774	852		–	4,305	–	
Minority interests	19,774	(19,774)	–	–	–	–	–	–

The effect on the adoption of new HKFRS to the Group's equity at 1st January, 2005 was to increase the retained profits by HK$970,000 due to the applicable of HKAS Int 21 as mentioned on page 10.

4. SEGMENT INFORMATION

The turnover and segment results of the Group for the six months ended 30th June, 2005, analysed by business segments which is the primary segment, are as follows:

For the six months ended 30th June, 2005

	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*
TURNOVER						
External sales	**933,258**	**7,736**	**2,733**	**245**	**–**	**943,972**
Inter-segment sales	**–**	**600**	**–**	**–**	**(600)**	**–**
Total turnover	**933,258**	**8,336**	**2,733**	**245**	**(600)**	**943,972**
SEGMENT RESULT	**24,845**	**17,028**	**2,773**	**28**	**–**	**44,674**
Interest income from bank deposits						**1,582**
Unallocated other operating income						**319**
Unallocated corporate expenses						**(5,243)**
Finance costs						**(3,656)**
Share of profit of associates						**3,346**
Profit before taxation						**41,022**

For the six months ended 30th June, 2004

	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* (restated)
TURNOVER						
External sales	860,527	7,030	2,175	588	–	870,320
Inter-segment sales	–	897	–	4,007	(4,904)	–
Total turnover	860,527	7,927	2,175	4,595	(4,904)	870,320
SEGMENT RESULT	24,136	4,192	(980)	48	–	27,396
Interest income from bank deposits						1,155
Unallocated other operating income						2,319
Unallocated corporate expenses						(4,852)
Finance costs						(1,749)
Share of loss of associates						(2,074)
Profit before taxation						22,195

Inter-segment transactions are charged at prevailing market rates.

5. **OTHER OPERATING INCOME**

Other operating income comprises:

	Six months ended 30.6.2005	Six months ended 30.6.2004
	HK$'000	*HK$'000*
Interest income from bank deposits	**1,582**	1,155
Sundry income	**319**	2,319
	1,901	3,474

6. **FINANCE COSTS**

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

7. **INCOME TAX EXPENSE**

	Six months ended 30.6.2005	Six months ended 30.6.2004
	HK$'000	*HK$'000*
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	**4,294**	3,217
Profits tax outside Hong Kong	**958**	1,393
	5,252	4,610
Deferred taxation	**1,048**	–
	6,300	4,610

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

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

8. **DIVIDEND**

	Six months ended 30.6.2005	Six months ended 30.6.2004
	HK$'000	*HK$'000*
Final dividend paid in respect of the year ended 31st December, 2004 of 10 HK cents (year ended 31st December, 2003: 2.5 HK cents) per ordinary share	**44,550**	11,138

Interim dividend of 10.0 cents per share, amounting to HK$44,550,000, was approved by the board of directors on 21st September, 2005.

9. **EARNINGS PER SHARE**

The calculation of the earnings per share attributable to the equity holders of the parent is based on the profit attributable to the equity holders of the parent for the period of HK$33,611,000 (six months ended 30.6.2004: HK$17,275,000) and on 445,500,000 ordinary shares (six months ended 30.6.2004: 445,500,000 ordinary shares) in issue during the period.

10. **INVESTMENT PROPERTIES**

The investment properties were revalued at 30th June, 2005 by Knight Frank Hong Kong Limited, an independent firm of professional valuers, on a market value in existing state basis. The gain arising from changes in fair value of investment properties of HK$9,955,000 has been recognised directly in the income statement.

11. INTERESTS IN ASSOCIATES

	30.6.2005 HK$'000	31.12.2004 HK$'000
Share of net assets	**28,358**	24,938
Goodwill arising on acquisition, net	**20,504**	20,504
Impairment loss recognised in respect of goodwill arising on acquisition	**(20,504)**	(20,504)
	28,358	24,938

12. AVAILABLE-FOR-SALE INVESTMENTS

As at 30th June, 2005, investment in equity instruments that are not measured at fair value amounted to HK$585,000 as their fair value cannot be measured reliably and accordingly, they continue to be carried at cost less impairment.

13. INVENTORIES

Included in inventories are finished goods of HK$2,126,000 (31.12.2004: HK$1,224,000) carried at fair value less cost to sell.

14. 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$156,894,000 (31.12.2004: HK$128,800,000) which are included in the Group's debtors, deposits and prepayments is at follows:

	30.6.2005 HK$'000	31.12.2004 HK$'000
0 – 30 days	**83,494**	69,387
31 – 60 days	**46,909**	32,645
61 – 90 days	**16,352**	16,102
91 – 120 days	**8,746**	7,434
121 – 365 days	**1,393**	3,232
	156,894	128,800

15. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors of HK$25,597,000 (31.12.2004: HK$12,071,000) which are included in the Group's creditors and accrued charges is at follows:

	30.6.2005 HK$'000	31.12.2004 HK$'000
0 – 30 days	**24,460**	11,816
31 – 60 days	**711**	203
61 – 90 days	**426**	6
91 – 120 days	**–**	46
	25,597	12,071

16. BANK BORROWINGS

	30.6.2005 HK$'000	31.12.2004 HK$'000
The bank borrowings, which are due within one year, comprise:		
Bank loans		
– secured *(note)*	**6,210**	6,669
– unsecured	**23,065**	23,695
Trust receipt and import loans	**242,509**	271,766
	271,784	302,130

During the period, the Group had a net repayment of bank loans of approximately HK$30 million.

17. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 30th June, 2005 and 31st December, 2004	700,000,000	35,000
Issued and fully paid:		
At 30th June, 2005 and 31st December, 2004	445,500,000	22,275

18. DEFERRED TAX LIABILITIES

	Revaluation of investment properties HK$'000	Revaluation of leasehold land and buildings HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1st January, 2004				
– As originally stated	2,526	2,426	1,150	6,102
Effect of change in accounting policy	(970)	–	–	(970)
As at 1st January, 2004, as restated	1,556	2,426	1,150	5,132
Charge to income for the year	794	–	–	794
Charge to investment property revaluation reserve	695	–	–	695
As at 31st December, 2004, as restated	3,045	2,426	1,150	6,621
Charge to income for the period	1,048	–	–	1,048
At 30th June, 2005	4,093	2,426	1,150	7,669

19. CAPITAL COMMITMENTS

	30.6.2005 *HK$'000*	31.12.2004 *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	–	101

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Trading Division

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

	Turnover Six months ended		Segment Results Six months ended	
	30.6.2005 *HK$'000*	30.6.2004 *HK$'000*	**30.6.2005 *HK$'000***	30.6.2004 *HK$'000*
Electroplating Materials and Chemicals	**840,331**	782,969	**17,073**	17,195
Paint and Coating Chemicals	**63,440**	53,716	**3,242**	2,768
Stainless Steel	**29,487**	23,842	**4,530**	4,173
Total	**933,258**	860,527	**24,845**	24,136

Electroplating Materials and Chemicals
Sales performance remained strong in the first six months of 2005 mainly because of robust metal prices. In geographical points of view, sales in Indonesian and Malaysian region picked up quickly due to strong economic improvement but sales in Korea and Singapore fell drastically as electronic industries were in cyclical down turning. China continued to be major engine driver in this region as most of our products' end-users were located in China, despite the fact that many Chinese factories were suffering from shortage in electricity, skilled labor and some even clear water. Such trend is continuing in the third quarter of 2005.

Profits generated from precious metal and chemical business was disappointing in the first half year of 2005 partly because of intense competition from Chinese producers and partly because of slow demand from end-users such as electronic industries, watches industries, consumer accessories industries, etc. Robust in nickel price, which was mainly supported by global deficits, prompted total sales amount jumped by 14.1% in the first 6 months of 2005 compared with the same period last year, although total sales in quantities remained fairly stable. Trading profit margin of nickel metal was somewhat stable even though the Chinese market started de-stocking after the Chinese New Year due to reducing demand from stainless steel industry. Printed circuit board industry was suffering from cyclical slowdown in electronic industries and trading margin was further squeezed during the period under review. Recurring record-high copper prices also fenced off companies to stock up inventories in their warehouses.

Total inventory level as at 30th June, 2005 was HK$124.5 million, reduced by 7.1% when compared with HK$134.0 million as at 31st December, 2004. As at 30th June, 2005, stock turnover was calculated at 26.4 days when compared 30.4 days as at 31st December, 2004, including the shipment period from overseas to the Group's own warehouses. Account receivable turnover as at 30th June, 2005 was 27.6 days whereas account receivable turnover as at 31st December, 2004 was 25.4 days. The rise in debtor turnover was chiefly because of longer credit collection period in printed circuit board companies and stationery companies. The management has tightened selected customers' credit sales limit or asked for L/C payments to reduce credit exposure.

Paint and Coating Chemicals
Sales performance for the first six months of 2005 grew by 18.1% mainly contributed by the rise in overall product prices. Amid expanded production from Chinese competitors and shrinking demand in China local market, sales of several major products were severely affected. The rise in oil price also prevented key suppliers from delivering adequate stocks to China market. As global market price started to fall at the end of second quarter, supply tightness was eased. Adequate stock is expected to be delivered in the third quarter. Overall profit margin held firm as we shifted our target sales into high-quality paints producers and secured supply channel into foreign-owned chemical companies.

Account and bills receivable turnover increased from 55.1 days as at 31st December, 2004 to 61.9 days as at 30th June, 2005. The rise in total collection days was the result of an increase in sales at the end of second quarter.

Stainless Steel
Global stainless steel prices reported record high during the first half year of 2005 due to the substantial rise in market prices of raw materials and strong demand in global market. However, additional purchase costs prompted the management to reduce the order volume during the period under review, although the inventory level as at 30th June, 2005 (HK$13.8 million) was reported slightly higher than that as at 31st December, 2004 (HK$13.4 million).

Sales and gross profit performance also rose by 23.7% and 7.5% respectively for the six months of 2005 over that of the same period last year, mainly benefited from the rise in metal price. Profit margin was trimmed as many factories were unable to afford the rise in metal price at the same pace. Up to 30th June, 2005, average cost of inventory still maintained below the latest purchase cost. Stock turnover as at 30th June, 2005 was 85.4 days (as at 31.12.2004: 96.5 days) and account receivable turnover was 103.8 days (as at 31.12.2004: 88.3 days). We have tightened customers' credit limits and terms so as to shorten the credit collection days.

Property Investment Division
Total rental income rose by 10.0% to HK$7.7 million in the first six months of 2005 when compared with HK$7.0 million in the same period of 2004. During the period under review, we have sold 4 residential flats in Haihua Garden at an average selling price of RMB14,501.70 per square meter. Gain in properties sales was recorded at HK$1.3 million before tax.

Total average occupancy rate for Hong Kong office during the period under review was 87.2% when compared with 96.7% for the first six months of 2004. As at 30th June, 2005, occupancy rate was 87.2%. Although upswing economic improvement in Hong Kong generated upward rental market price on Grade A office building, ample supply in second-tier office buildings continued to exert pressure on rental level and demand interests. Such trend is expected to be continued in the second half year of 2005. The Group has credited HK$2 million of revaluation gain on Hong Kong properties to the interim income statement after a valuation performed by an appointed surveyor as at 30th June, 2005.

Average occupancy rate of Shanghai office during the first six months of 2005 was 99.8% when compared with 91.1% during the same period last year. As at 30th June, 2005, all office spaces were fully occupied. Strong rental demand of Grade A offices continued due to limited supply as persistent new corporate formation and expansion activities took up all new supply of prime office spaces. Rental level of the renewed tenancies in 2005 also jumped about 32 to 35% over the previous tenancies. Total rental income of Shanghai offices in the first half year of 2005 rose by 18.3% over that of the first half year of 2004. Witnessed by stable rental growth by the office segment over the past years, many foreign or local institutional investors have been attracted to Shanghai prime office market to seek for opportunities. Market value of office properties continued to rise steadily at the end of June and the Group has credited HK$7.02 million of revaluation gain on Shanghai office properties to the half-year income statement.

Average occupancy rate of Shanghai residential properties for the first six months of 2005 was 85.6% when compared with 95.8% for the first six months of 2004. As at 30th June, 2005, occupancy rate was 86.7%. The fall in occupancy rate in the first half year of 2005 was because the availability of residential rental properties increased significantly during the period. Although the government adopted severe measures to cool down the residential property market, such trend did not cease and there were still plenty of supply in rental residential properties. Under keen competition, our rental level was forced to cut down by 6 to15% to attract potential tenants.

After the Shanghai residential properties rallied to an all-time high, with fear of bubble creation, Shanghai government took measures to slow down new projects approvals and put restrictions on bank lending to property developers. Also, new tax policies were introduced by the Shanghai government to curb speculative activities on the residential market. Thereafter, many potential buyers take a wait-and-see approach. Therefore, the selling process will be drastically slow down in the second half year of 2005. When compared with the market price at the end of 2004, the Group could still credit HK$0.9 million of revaluation gain on such properties to the interim income statement.

Securities Investment Division

Following the adoption of new HKFRSs, the Group's securities portfolio was reclassified and fair-valued as at the 30th June, 2005.

	Market Value of Investment	Percentage of Total
Equities – Listed in Hong Kong	HK$39.1 million	19.1%
Equities – Listed in overseas	HK$23.0 million	11.3%
Available-for-sale investments	HK$0.6 million	0.3%
Debt- Quoted/Listed	HK$17.4 million	8.5%
Managed Unit Funds	HK$29.2 million	14.3%
Managed Hedge Funds	HK$55.6 million	27.2%
Structured Products – Capital Protected	HK$8.8 million	4.3%
Structured Products – Non-Capital Protected	HK$1.2 million	0.6%
Long Term Deposits	HK$29.3 million	14.4%
	HK$204.2 million	100.0%

As at 30th June, 2005, the Group used its own fund to finance 93.0% of total investment in securities and the remaining 7.0% was financed by bank borrowings.

An analysis of the portfolio by currency denomination as at 30th June, 2005 is listed below:

US Dollar	HK Dollar	Euro	JP Yen	SGP Dollar	RMB	AUD Dollar
68.6%	19.1%	2.3%	5.2%	1.2%	0.3%	3.3%

During the first half year of 2005, we saw the global markets were in a mix of uncertainty on global recovery, post-bubble hangover and risk aversion. Notwithstanding higher oil prices and successive interest rate hike by U.S. Federal Reserve policymakers, US interest rate in long term was marked at relative low level. Companies remained cautious and preferred to save rather than spend. Cash surplus became one of major features on companies in the US, UK, Germany, Japan, etc. The corporate profits were used to pay off debt, to boost pension scheme and contributed higher dividend back to shareholders or share buybacks. On the consumer side, the spending power was vulnerable to tighter monetary polices as house mortgages installments shared majority of household expenses.

Compared with 2004, market volatilities were reduced greatly. With the expectation of aggressive interest rate hike, we gradually restructured our securities portfolio and shifted part of bond or bond-related funds to equities-related funds or managed hedge funds. During the period under review, the Group purchased HK$ 23.0 million of securities and disposed HK$6.2 million. As at 30th June, 2005, we recorded an unrealized loss of HK$2.2 million and a small realized gain of HK$12K. As many corporations preferred to increase their dividend payout during the period, our dividend income rose to HK$1.5 million when compared with HK$0.5 million for the same period last year. Interest income was reported at HK$1.2 million for the first six months of 2005.

In the following months of 2005, we will continue to re-construct our strategic asset allocation and risk distribution. Global markets are still full of uncertainties and we will keep cautious on market directions.

EMPLOYEES

As at 30th June, 2005, total number of staff reduced by 3 persons to 86 persons compared with 89 persons at the year ended 2004. Turnover rate remained fairly stable. Total salaries and other benefits increased by 8.2% as we adjusted all staff salary and benefits at the year end of 2004. The Group believes that it would be better to motivate staff in bonus-awards basis on yearly performance evaluation. Yearly salary will be adjusted in accordance with staff performance, current inflation rate and market competition. For the first six months of 2005, all junior staff of the Group has passed the medium level of Putonghua by the end of period under review. With the introduction of new accounting standards and Corporate Governance practices, we also sponsored staff to take training on these subjects. Same as before, we continued to encourage staff continuing his/her further studies in his/her particular field to enhance and enrich professional knowledge and current practices.

FINANCIAL RESOURCES AND LIQUIDITY

For the period ended 30th June, 2005, cash inflow of HK$29.3 million from operation when compared with cash outflow of HK$31.1 million was reported due to reduced inventory level and rise in investment held for trading. Equity attributable to equity holders of the parent company dropped by 1.0% to HK$604.3 million as the Group has distributed interim and final dividends totalling HK$89.1 million for the fiscal year of 2004. Return on equity ratio for the first six months ended 30th June, 2005 was 5.56% when compared with 2.83% for the same period ended 30th June, 2004.

Capital expenditure was reported at HK$1.9 million for the first six months of 2005 (first six months of 2004: HK$1.3 million) mainly in respect of replacement of computers and computer-related system. Working capital as at 30th June, 2005 dropped to HK$273.9 million when compared with HK$274.2 million as at 31st December, 2004. Inventory as at 30th June, 2005 was posted at HK$138.1 million, representing a decrease of HK$9.2 million when compared with HK$147.3 million as at 31st December, 2004. Limited supply from our core suppliers due to global deficits reduced part of shipment delivered to our Hong Kong warehouse at the end of the period under review. Trade debtor amounted to HK$156.9 million as at 30th June, 2005, rising by HK$28.1 million, mainly due to the rise in metal price mirroring to the rise in credit sales.

An analysis of cash and bank deposit by currencies as at 30th June 2005 is set out below:

HK Dollar	US Dollar	Euro	SGP Dollar	Renminbi	NT Dollar	Others
26.8%	55.9%	0.2%	3.4%	10.5%	3.1%	0.1%

DEBT STRUCTURE

Total banking borrowing as at 30th June, 2005 was HK$271.8 million (as at 31st December, 2004: HK$302.1 million). As at 30th June, 2005, total banking facilities granted by banks to the Group amounted HK$616.3 million. Average banking utilization rate accounted at 41.2% during the period under review. Debt to equities ratio, which was calculated by dividing net borrowings by total equity, declined to 0.43: 1 as at the period ended 30th June, 2005 when compared with 0.48:1 as at the year ended 31st December, 2004 because we used part of our internal funds to finance our inventory.

Currency distribution on Bank Borrowings as at 30th June, 2005:

	HK$'000	
Hong Kong Dollars	236,942	87.2%
United States Dollars	20,567	7.6%
Japanese Yen	14,274	5.2%
	271,783	100.0%

All borrowings bear interests on floating rates and matured within one year. They are all in form of Money Market bank loans and Trust Receipt for the period under review. Average lending tenor for Trust Receipt in financing trading facilities was about 56 days for the first six months of 2005, two days longer when compared with 54 days for the first six months of 2004. Money-Market bank loans is either used to finance additional safety stocks held or to financed assets purchased in the same foreign currencies.

FOREIGN CURRENCY RISK

During the first six months ended 30th June, 2005, the Group's transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, British Sterling, Renminbi, Australian Dollars, 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 was no forward foreign contract outstanding as at 30th June, 2005. Short-term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies.

OTHER CORPORATE INFORMATION

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months to 30th June, 2005.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2005, the interests of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinances ("SFO Ordinances"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Mode Code for Securities Transactions by the Directors of Listed Companies, were as follows:

Long Positions

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Leung Shu Wing	Beneficial owner	184,691,075	41.457%
Yuen Tin Fan, Francis	Held by controlled corporation *(Note 1)*	26,984,000	6.057%
	Founder of discretionary trust *(Note 2)*	74,770,000	16.783%
		101,754,000	22.840%
Leung Miu King	Beneficial owner	20,634,000	4.632%
Wong Chi Kin	Beneficial owner	767,000	0.172%
Wong Choi Ying	Beneficial owner	9,500	0.002%
		307,855,575	69.103%

Note:

1. 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.

2. 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.

(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 Industrial Limited	Leung Shu Wing	Beneficial Owner	7,000	70%
Sam Wing International Limited	Leung Shu Wing	Beneficial Owner	19,440	90%

Save as disclosed above, at 30th June, 2005, 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 Ordinances.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review was the Company or any of its subsidiaries a party to any arrangement 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 and had exercised any such right during the period under review.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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 30th June, 2005.

CORPORATE GOVERNANCE

The Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited ("The Stock Exchange") require the Board to disclose the deviations from the Code Provisions set out in the Code on Corporate Governance Practices ("the CGP Code") contained in Appendix 14 throughout the accounting period covered by the interim report. Save for the limited exceptions outlined below, the Company has complied throughout the accounting period ended 30th June, 2005 with the CGP Code.

The deviations from the CGP Code were as follows:

A4.1 Certain non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's Article of Association. The Company proposes to enter into the service contracts with all non-executive directors, which will contain a specific term of appointment, before the year end.

B1.4 The Company is still constructing a new website of the Group, on which it will include the Terms of Reference of the Remuneration Committee. The new website is expected to be completed by end of November. The Group will make available to any shareholder or interested individual a copy of such terms of reference on request.

C3.4 The Company is still constructing a new website of the Group, on which it will include the Terms of Reference of the Audit Committee. The new website is expected to be completed by end of November. The Group will make available to any shareholder or interested individual a copy of such terms of reference on request.

In accordance with the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers ("the Model Code") contained in Appendix 10 of the Listing Rules, the Company has adopted codes of conduct relating to securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. The Board also approved the adoption of a securities dealing policy setting out the Company's policy and rules governing the dealings in the securities of the Company by all employees of the Company and its subsidiaries and a confidentiality policy setting out the responsibilities of all employees of the Group in dealing with the Group's information that is considered to be confidential.

For the accounting period ended 30th June, 2005, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's codes of conduct regarding Directors' securities transactions.

By Order of the Board
LEUNG SHU WING
Chairman

Hong Kong, 21st September, 2005

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF KEE SHING (HOLDINGS) LIMITED
奇盛(集團)有限公司
(incorporated in Hong Kong with limited liability)

INTRODUCTION
We have been instructed by the Company to review the interim financial report set out on pages 4 to 15.

DIRECTORS' RESPONSIBILITIES
The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED
We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group's management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION
On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2005.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21st September, 2005