

The logo consists of the letters 'KSH' in a bold, white, sans-serif font, set against a dark brown rectangular background. Below the rectangle is a thin, light-colored horizontal line.

KSH

Kee Shing (Holdings) Limited

奇盛（集團）有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 174

The background of the entire page is a photograph of a vast green field under a bright blue sky with a sun low on the horizon, creating a lens flare effect.

Interim Report 2010

CORPORATE INFORMATION**BOARD OF DIRECTORS****Executive Directors**

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

Non-executive Director

Yuen Tin Fan, Francis

Independent Non-executive Directors

Wong Kong Chi
Lai Chung Wing, Robert
Chan Wing Lee, David

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Wong Choi Ying

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
Calyon Hong Kong
The Hongkong and Shanghai Banking
Corporation Limited

SHARE REGISTRARS

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
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,		Year ended 31st December,
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2009 HK\$'000 (Audited)
Turnover	588,705	452,083	964,715
Profit (Loss) before taxation	26,981	4,519	95,941
Profit (Loss) Attributable to Owners of the Company	21,608	819	79,711
Total Bank Borrowings	207,535	158,395	188,855
Equity attributable to owners of the Company	<u>634,364</u>	<u>556,213</u>	<u>636,098</u>
Net Cash Inflow/(Outflow) before Financing	(59)	91,846	129,819
Net Cash (Outflow)/Inflow from Financing	(9,586)	(42,683)	(13,838)
Capital Expenditure	<u>342</u>	<u>-</u>	<u>91</u>
Earnings (Loss) Per share (basic – HK cents) ¹	4.9¢	0.2¢	17.9¢
Dividend Per Share	6.0¢	0.0¢	0.0¢
Equity attributable to Owners of the Company per share	<u>HK\$1.42</u>	<u>HK\$1.25</u>	<u>HK\$1.43</u>
Interest Cover (times) ²	23.5 times	5.0 times	44.6 times
Dividend Cover (times) ³	<u>0.8 time</u>	<u>n.a.</u>	<u>n.a.</u>

Notes:

- Earning per shares is calculated by dividing profit (loss) attributable to owners of the Company by 445,500,000 shares in issue during 30th June, 2010 (30th June, 2009 and 31st December, 2009: 445,500,000 shares).
- Interest cover is calculated by dividing profit (loss) before taxation and finance costs by finance costs.
- Dividend cover is calculated by dividing Earning (Loss) Per Share by Dividend Per Share.

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

The profit attributable to the owners of the Company for the first six months ended 30th June, 2010 was HK\$21.6 million, compared with HK\$819K in the same period ended 30th June, 2009. Improved financial performance during the first half year was characterized by positive momentum in commodities prices as well as markedly economic recovery in East Asian region. With solid financial position, the Group was well positioned to take advantages in market demand that being experienced in the first half year of 2010.

The Directors of the Board do not declare an interim dividend of 2010 (Interim Dividend of 2009: Nil).

GROUP REORGANISATION

On 7th July, 2010, the Directors of the Board of Kee Shing Group made an announcement of Group Reorganisation Proposal and a Circular containing the Group Reorganisation Proposal and other issues is expected to be dispatched to all Shareholders in September.

BUSINESS REVIEW

Sales turnover on trading business division recorded at HK\$580.0 million, representing a rise of 32.1%, when compared with sales of HK\$439.1 million for the first six months of 2009. Impressive economic rebound across East Asian region since the end of 2009 extended to the first quarter of 2010. Driven by stock replenishment and increasing orders from exports and domestic needs, commodities prices and prices of other raw materials surged significantly in reflection of abruptly mounting demand from industrial users. A slowdown in demand growth, however, occurred in the second quarter primarily initiated by some tightening measures introduced by the Chinese authorities and worries of fiscal tightening due to sovereign debt crisis in Europe. In view of this bumpy growth pace, the Group continued to adopt defensive strategies in controlling inventory and receivables level and cautiously to manage new purchases to match actual demand from customers. A segment gain of trading operation during the period under review was reported at HK\$12.6 million.

Along with gradual recovery of domestic and international market conditions, activities in Shanghai leasing market were revitalized in the second quarter of 2010. Despite mediocre rental performance during the first half year of 2010, overall vacancies rate among office buildings in Shanghai central business districts declined noticeably at the end of second quarter. The Group had completely disposed all units of Shanghai's residential flats during the review period. Largely attributed to changes in properties revaluation, the Group reported a segment gain of HK\$22.2 million for the period under review.

With worries upon the sovereign debt crisis in Europe and sustainability of the U.S. economic recovery, global financial markets have experienced turbulent periods over the first half year of 2010. Undoubtedly, concerns over economic growth in China and a policy stance of Chinese government towards its economic outlook have outweighed the performances of major economies in the world. During the second quarter, most investors reversed their optimistic risk appetite in fear of global weakness in the near term as well as contagion from the European sovereign crisis. As a result, a segment loss in the Group's securities investment operation of HK\$2.5 million was recorded for the period under review.

CORPORATE GOVERNANCE

In accordance with the standards set on the governance requirements and best practices introduced by the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited, the Company has complied with the Codes of Corporate Governance Practices throughout the accounting period ended 30th June, 2010.

In accordance with the required standard set out in Model Code for Securities Transaction by Directors of Listed Issue ("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 has also adopted 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 responsibility 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, 2010, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's Code of Conduct regarding Directors' securities transactions.

OUTLOOK

In spite of improved economic optimism of today's market condition, there exist considerable uncertainties in the foreseeable future. Except Germany, uncertainties in Europe are likely to continue and low growth rate is expected to persist in consideration of its high national debts and high unemployment. The Chinese government has taken steps to contain domestic inflation and to curb overheated property sector while banks in China have refrained from a lending binge, indicating a slowdown in the Chinese economy. The U.S. economy appears to move in a gradual and sustainable pace of growth but unemployment remains alarmingly high.

In this connection, the proposal of Group Reorganisation of Kee Shing (Holdings) Limited offers a good opportunity in providing alternatives for our shareholders either to divest all their investment in Kee Shing Group or to retain some or all of their investment through holdings interests in Kee Shing (Holdings) Limited and/or KSL.

Notwithstanding the uncertainties in the near term, I remain confident in the trading business in the medium term. Demand for high-quality and environmental-friendly products will prevail over other low-priced and low-quality products in the midst of global trend of outcry for green environment. China is moving from manufacture of cheap-labor products towards manufacture of high-value and energy-saving products. This expected transformation will strengthen our competitive edges over other rivals in the markets. Together with efforts contributed from our dedicated staff, we will continue to maximize the intrinsic value of our existing business and to well place our position in return of growth in future.

Leung Shu Wing
Chairman

Hong Kong, 27th August, 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	NOTES	Six months ended 30.6.2010 HK\$'000 (unaudited)	Six months ended 30.6.2009 HK\$'000 (unaudited)
Turnover	3	588,705	452,083
Other income	4	6,582	2,083
Changes in inventories of finished goods		(7,384)	(49,547)
Purchases of goods held for resale		(534,627)	(370,575)
Raw materials and consumables used		(13,797)	(12,779)
Staff costs		(11,897)	(8,579)
Depreciation		(661)	(937)
Other expenses		(13,241)	(9,546)
Loss arising from changes in fair value of investments held for trading		(6,221)	(9,188)
Gain arising from changes in fair value of other assets		4,700	–
Write-back of allowance on inventories		2,597	11,739
Impairment loss reversed (recognised) in respect of trade debtors		561	(7,049)
Gain arising from change in fair value of foreign exchange yield linked deposit		–	539
Gain arising from changes in fair value of investment properties		12,864	7,407
Finance costs	5	(1,200)	(1,132)
Profit before taxation		26,981	4,519
Income tax expense	6	(2,638)	(2,021)
Profit for the period		24,343	2,498
Other comprehensive income (expense)			
Exchange differences arising on translation		3,687	(64)
Other comprehensive income (expense) for the period		3,687	(64)
Total comprehensive income for the period		28,030	2,434
Profit for the period attributable to:			
Owners of the Company		21,608	819
Non-controlling interests		2,735	1,679
		24,343	2,498
Total comprehensive income attributable to:			
Owners of the Company		24,996	833
Non-controlling interests		3,034	1,601
		28,030	2,434
Earnings per share – basic	7	HK\$4.9 cents	HK\$0.2cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2010

	NOTES	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
Non-current Assets			
Investment properties	9	376,540	377,997
Property, plant and equipment		<u>26,076</u>	<u>26,338</u>
		402,616	404,335
Current Assets			
Inventories	10	69,375	72,674
Debtors, deposits and prepayments	11	88,523	71,829
Bills receivable	11	6,304	2,788
Investments held for trading		111,624	102,671
Other assets	12	41,692	23,821
Taxation recoverable		192	1,460
Short term bank deposits		90,441	81,080
Bank balances and cash		<u>134,079</u>	<u>152,712</u>
		542,230	509,035
Current Liabilities			
Creditors and accrued charges	13	40,328	29,353
Amounts due to minority shareholders of subsidiaries		7,552	4,048
Taxation payable		2,721	2,362
Bank borrowings	14	<u>207,535</u>	<u>188,855</u>
		258,136	224,618
Net Current Assets		284,094	284,417
Total Assets Less Current Liabilities		686,710	688,752
Capital and Reserves			
Share capital	15	22,275	22,275
Reserves		<u>612,089</u>	<u>613,823</u>
Equity attributable to owners of the Company		634,364	636,098
Non-controlling interests		<u>33,509</u>	<u>34,306</u>
Total Equity		667,873	670,404
Non-current Liabilities			
Deferred tax liabilities		<u>18,837</u>	<u>18,348</u>
Total Equity and Liabilities		686,710	688,752

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1st January, 2009 (audited)	22,275	153,728	18,840	-	21,916	338,621	555,380	30,933	586,313
Exchange differences arising on translation of foreign operations	-	-	-	-	14	-	14	(78)	(64)
Profit for the period	-	-	-	-	-	819	819	1,679	2,498
Total comprehensive income for the period	-	-	-	-	14	819	833	1,601	2,434
Dividend paid	-	-	-	-	-	-	-	(1,200)	(1,200)
At 30th June, 2009 (unaudited)	<u>22,275</u>	<u>153,728</u>	<u>18,840</u>	<u>-</u>	<u>21,930</u>	<u>339,440</u>	<u>556,213</u>	<u>31,334</u>	<u>587,547</u>
At 1st January, 2010 (audited)	22,275	153,728	18,840	-	22,923	418,332	636,098	34,306	670,404
Exchange differences arising on translation of foreign operations	-	-	-	-	3,388	-	3,388	299	3,687
Profit for the period	-	-	-	-	-	21,608	21,608	2,735	24,343
Total comprehensive income for the period	-	-	-	-	3,388	21,608	24,996	3,034	28,030
Dividend paid	-	-	-	-	-	(26,730)	(26,730)	(3,831)	(30,561)
At 30th June, 2010 (unaudited)	<u>22,275</u>	<u>153,728</u>	<u>18,840</u>	<u>-</u>	<u>26,311</u>	<u>413,210</u>	<u>634,364</u>	<u>33,509</u>	<u>667,873</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	Six months ended 30.6.2010 HK\$'000 (unaudited)	Six months ended 30.6.2009 HK\$'000 (unaudited)
Net cash (used in) from operating activities	(18,270)	83,475
Investing activities		
Proceeds from disposal of investment properties	18,132	7,430
Proceeds from disposal of property, plant and equipment	59	-
Purchase of property, plant and equipment	(342)	-
Interest income received	362	220
Other investing activities	-	721
Net cash from investing activities	18,211	8,371
Financing activities		
New bank loans raised	18,671	-
Repayment of bank borrowings	-	(37,953)
Dividend paid	(26,730)	-
Interest expenses paid	(1,200)	(1,132)
Dividends paid to minority shareholders of subsidiaries	-	(1,200)
Repayment to minority shareholders of subsidiaries	(327)	(2,398)
Net cash used in financing activities	(9,586)	(42,683)
Net (decrease) increase in cash and cash equivalents	(9,645)	49,163
Cash and cash equivalents at beginning of the period	233,792	117,721
Effect of foreign exchange rate changes	373	(14)
Cash and cash equivalents at end of the period	224,520	166,870
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	90,441	71,355
Bank balances and cash	134,079	96,885
Bank overdrafts	-	(1,370)
	224,520	166,870

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

1. BASIS OF PREPARATION

The condensed consolidated 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 34, "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

The Group applies HK(IFRIC) – Int 17 *Distributions of Non-cash Assets to Owners* which provides guidance on the appropriate accounting treatment when the Group distributes assets other than cash as dividends to its shareholders. This standard requires that dividend should be measured at the fair value of the assets distributed, and that any difference between this amount and the previous carrying amount of the assets distributed should be recognized in profit or loss when the entity settles the dividend payable. HK(IFRIC) – Int 17 may affect the accounting treatment for the proposed transaction as detailed in note 18.

As there was no transaction during the current interim period in which HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC) – Int 17, are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs and HK(IFRIC) – Int 17 had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs and HK(IFRIC) – Int 17 are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

² Effective for annual periods beginning on or after 1st February, 2010

³ Effective for annual periods beginning on or after 1st July, 2010

⁴ Effective for annual periods beginning on or after 1st January, 2011

⁵ Effective for annual periods beginning on or after 1st January, 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 30th June, 2010

	Sales of chemicals and metals HK\$'000	Properties investment HK\$'000	Securities investment HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<i>Segment revenue</i>						
External sales	579,770	8,484	451	588,705	-	588,705
Inter-segment sales	-	1,185	-	1,185	(1,185)	-
Total turnover	<u>579,770</u>	<u>9,669</u>	<u>451</u>	<u>589,890</u>	<u>(1,185)</u>	<u>588,705</u>
<i>Segment result</i>	<u>12,648</u>	<u>22,247</u>	<u>(2,527)</u>	<u>32,368</u>	-	<u>32,368</u>
Interest income from bank deposits and structured bank deposits						362
Unallocated other income						2,044
Unallocated corporate expenses						(6,593)
Finance costs						(1,200)
Profit before taxation						<u>26,981</u>

Six months ended 30th June, 2009

	Sales of chemicals and metals HK\$'000	Properties investment HK\$'000	Securities investment HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<i>Segment revenue</i>						
External sales	439,109	11,805	1,169	452,083	-	452,083
Inter-segment sales	-	1,103	-	1,103	(1,103)	-
Total turnover	<u>439,109</u>	<u>12,908</u>	<u>1,169</u>	<u>453,186</u>	<u>(1,103)</u>	<u>452,083</u>
<i>Segment result</i>	<u>(931)</u>	<u>15,728</u>	<u>(6,546)</u>	<u>8,251</u>	-	<u>8,251</u>
Interest income from bank deposits and structured bank deposits						220
Unallocated other income						1,750
Unallocated corporate expenses						(4,570)
Finance costs						(1,132)
Profit before taxation						<u>4,519</u>

Inter-segment transactions are charged at prevailing market rates.

Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors' remuneration), finance costs and income tax expense. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	30.6.2010 <i>HK\$'000</i> (unaudited)	31.12.2009 <i>HK\$'000</i> (audited)
Sales of chemicals and metals	168,138	151,372
Properties investment	397,395	399,378
Securities investment	153,450	126,611
	<hr/>	<hr/>
Total segment assets	718,983	677,361
Unallocated	225,863	236,009
	<hr/>	<hr/>
Total assets	944,846	913,370
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4. OTHER INCOME

Included in other incomes is interest income from bank deposits of HK\$362,000 for the six months ended 30th June, 2010 (six months ended 30th June, 2009: HK\$220,000).

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

	Six months ended 30.6.2010 <i>HK\$'000</i> (unaudited)	Six months ended 30.6.2009 <i>HK\$'000</i> (unaudited)
The tax charge comprises:		
Current tax		
Hong Kong Profits Tax	143	117
Profits tax outside Hong Kong	2,201	1,566
	<hr/>	<hr/>
	2,344	1,683
Over(under)provision in prior years:		
Hong Kong Profits Tax	33	-
Profits tax outside Hong Kong	(232)	-
	<hr/>	<hr/>
	(199)	-
Deferred tax		
Current period	493	338
	<hr/>	<hr/>
	2,638	2,021
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The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for both period presented. Taxation in People's Republic of China ("PRC") on Enterprise Income Tax and Land Appreciation Tax were 7.5% and 30% respectively, throughout the periods, and taxation in other countries outside PRC is calculated at the statutory rates prevailing in the respective jurisdictions, which was based on management's best estimate of the annual income tax rate expected for the full financial year.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the period of HK\$21,608,000 (six months ended 30th June, 2009: HK\$819,000) and on 445,500,000 ordinary shares (six months ended 30th June, 2009: 445,500,000 ordinary shares) in issue during the period.

There is no dilutive potential ordinary shares outstanding during the period or prior period.

8. DIVIDEND

On 18th June, 2010, a dividend of HK\$0.06 cents per share (six months ended 30th June, 2009: nil) was paid to shareholders as the final dividend for 2009.

The directors do not recommend the payment of an interim dividend.

9. INVESTMENT PROPERTIES

The fair value of the Group's investment properties located in Hong Kong, elsewhere in the PRC and Singapore as at 30th June, 2010 have been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The valuation report on the properties was signed by the directors of Knight Frank Petty Limited, who are members of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The resulting increase in fair value of investment properties of HK\$12,864,000 has been recognised directly in profit or loss for the six months ended 30th June, 2010 (six months ended 30th June, 2009: HK\$7,407,000).

10. INVENTORIES

The market price of certain inventories with impairment loss provided for in prior years, had increased during the period, which leads to a write-back of inventories of HK\$2,597,000 (six months ended 30th June, 2009: HK\$11,739,000).

11. DEBTORS, DEPOSITS AND PREPAYMENTS/BILLS RECEIVABLES

The Group allows an average credit period ranging from cash on delivery to 120 days to its trade debtors.

The following is an analysis of trade debtors by age, presented based on the invoice date, net of allowance for doubtful debts.

	30.6.2010 <i>HK\$'000</i> (unaudited)	31.12.2009 <i>HK\$'000</i> (audited)
0 – 30 days	48,771	45,787
31 – 60 days	16,930	11,623
61 – 90 days	7,605	5,804
91 – 120 days	1,105	1,205
121 – 365 days	687	314
	<u>75,098</u>	<u>64,733</u>

The bills receivable have maturity period less than 90 days.

12. OTHER ASSETS

Other assets represent gold bullions stated at fair values. The fair values are determined by reference to the quoted market price. Any gain or loss arising on measurement is recognised in profit or loss.

13. CREDITORS AND ACCRUED CHARGES

The following is an analysis of trade creditors by age, presented based on the invoice date.

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
0 – 30 days	23,051	7,049
31 – 60 days	69	–
61 – 90 days	67	–
	<u>23,187</u>	<u>7,049</u>

14. BANK BORROWINGS

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
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The bank borrowings, which are due within one year, comprise:

Bank loans		
– secured (<i>Note</i>)	15,590	8,601
– unsecured	20,110	25,102
Trust receipt and import loans, unsecured	171,835	155,152
	<u>207,535</u>	<u>188,855</u>

Note: The bank loans were secured by the Group's investments held for trading.

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At 30th June, 2010 and 31st December, 2009	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At 30th June, 2010 and 31st December, 2009	<u>445,500,000</u>	<u>22,275</u>

16. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of directors, for the six months ended 30th June, 2010 is HK\$1,928,000 (six months ended 30th June, 2009: HK\$1,644,000).

The Group does not enter into any other transactions with related parties.

17. MAJOR NON-CASH TRANSACTIONS

During the six-month period ended 30th June, 2010, dividend amounting to HK\$3,831,000 were declared to the minority shareholders of a subsidiary and the balance was included in the amounts due to minority shareholders of subsidiaries.

18. EVENT AFTER THE END OF THE REPORTING PERIOD

On 7th July, 2010, the directors of the Company announced a group reorganisation which is subject to the approval by the shareholders. Certain subsidiaries carrying on trading business will be distributed in specie to the shareholders of the Company. As the group reorganisation is ongoing, the financial impact to the Group cannot be determined as at the date of this report.

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:

For the six months ended:	Turnover		Segment Results	
	30.06.2010 HK\$'000	30.06.2009 HK\$'000	30.06.2010 HK\$'000	30.06.2009 HK\$'000
Electroplating Materials and Chemicals	526,427	389,675	10,231	4,016
Stainless Steel	17,350	5,986	669	(5,727)
Paints & Coating Chemicals	35,993	43,448	1,748	782
Total	579,770	439,109	12,648	(929)

Electroplating Chemicals and Metals

Sales turnover of electroplating materials and chemicals rose by 35.1% to HK\$526.4 million in the first six months of 2010 when compared with HK\$389.7 million in the same period of 2009. Following the upturn in different business sectors and East Asian region during the second half year of 2009, visible signs of economic improvement were revealed in the first quarter of 2010. Benefited from rising production of automobile in China and the U.S. as well as strong craving of high-end stylish electronic and telecommunication products across the globe, plating demand of application on automotive and electronic industries surpassed all demand of application on other sectors such as decorative and staple consumable products in the first quarter of 2010. However, the spike in risk aversion triggered by the European sovereign crisis and the policies tightening from Chinese authorities aiming at containing domestic inflationary pressures hauled the economic rally since June. Fear of such uncertainties is likely to slow down economic growth in the third quarter of 2010.

Total sales quantities of precious metal products rose by 10.9% in the first six months of 2010 when compared with that of same period last year. Sales revenue also climbed by 17.1% in the first half year of 2010 when compared with that of the first half year of 2009. Improved sales revenue in the first six months of 2010 was largely influenced by high price volatility. Demand generated from application on traditional decorative sectors such as watches, jewelry, gifts and premium etc. remained sluggish during the first half year while demand generated from application on electronic industries were resilient and active throughout the review period.

Taking advantage of sharp rise in prices, sales revenue on nickel metal rose by 39.8% in the first six months of 2010 when compared with that of same period of 2009. Demand of nickel metal was robust in East Asian countries evident with encouraging signs of economic recovery within the region in the first half year of 2010. Following the completion of de-stocking phase in 2009, end-users actively replenished their stocks to meet demand growth for exports and domestic needs. Primarily due to the global shortage of high-nickel content metal availability, inadequate supply from our principal nickel supplier limited overall sales quantities during the review period.

Sales revenue of plating copper jumped more than double during the first six months of 2010. The rise was mainly a reflection of a surge of metal prices as well as fundamental solid demand stemming from electronic industries. A change of copper supply side also reduced the lead time required shipping to Taiwan and Hong Kong, as well as facilitated effective inventory management to fulfill sudden demand orders from printed circuit board manufacturers.

Amid concerns over the sustainability of economic recovery, European sovereign debt crisis and the magnitude of interventions implemented by Chinese government to cool rapid economic expansion, volatility of commodity prices remained high during the first half year of 2010. High volatility is expected to continue in the second half year.

Stainless Steel

Demand of stainless steel products recovered favorably and sales grew almost two-fold to HK\$17.4 million for the first six months of 2010 over that of the same period of 2009. Spurred largely by governmental economic stimulus measures and brisk export demand during the first quarter of 2010, consumption of stainless steel products in industrial and consumer sectors was picking up satisfactory and a marked stock replenishment was noticed during the review period. The sharp rise in raw material of making stainless steel, including nickel and ferrochrome, elevated stainless steel base price from the low of US\$2,630 to the peak of US\$3,480 during the first six months of 2010. As a result, a write-back of inventory amounting HK\$2.4 million was recorded as at 30th June, 2010.

The outlook of stainless steel market remains unclear in the second half year. It is noteworthy that China has been the main driver of global economic growth since the financial crisis in 2008. Tightening policies implemented by the Chinese government in mid 2010 will lead to a rise in inventory of stainless steel accumulated in China region, and that will certainly adversely affect the stainless steel market conditions across Asian countries. In response to uncertain operating environment, we have attentively controlled and managed the inventory level as well as cost of fresh purchases to match actual demand appetite of end-users.

Paints & Coating Chemicals

For the first six months of 2010, sales of paint and coating chemicals fell by 17.1% to HK\$36.0 million when compared with HK\$43.4 million in the same period of 2009. Global recovery since the end of 2009 and tight supply of upstream raw materials brought a sharp increase in prices of various kinds of paint and coating chemical products in China market during the first half year of 2010. However, the extent of soaring chemical prices could not cope with the actual pace of demand recovery. Domestic chemical demand in China shrunk considerably in the second quarter of the year mainly because tightening policies implemented by the Chinese government slowed down demand stemming from automobile industries and properties-related industries. Together with rising production cost, many end-users of paint and coating chemicals products were forced to cut down their production capacity. Correspondingly, many local chemical distributors slashed prices to reduce inventory level so as to avoid further loss in dim market conditions.

Property Investment Division

Total rental income for the first six months of 2010 amounted at HK\$8.5 million, representing a fall of 28.0% when compared with HK\$11.8 million for the first six months of 2009 due to the relative high vacancies rate in Shanghai offices during the period under review.

Average occupancy rate for Hong Kong offices was 100% during the first half year of 2010. Economic rebound and improved market sentiments increased corporate activities in searching for office expansion during the review period. Limited supply of office spaces and strong rental demand pushed up property market price of Hong Kong offices in the first and second quarter of 2010. An increase in rental offering prices of 10-15% in nearby offices was also noticeable during the first half year. As at 30th June, 2010, we credited HK\$5.5 million on revaluation of Hong Kong office properties after revalued by appointed surveyor.

Average occupancy rate of Shanghai offices was 81.3% during the first half year of 2010. Shanghai was undergoing decentralization of Grade A office market since 2009. Slack market conditions resulted overall vacancies rate of Shanghai Grade A offices exhibited a peak level in the first quarter of 2010. Along with lesser new supply in the second quarter, partly because of withdrawal of some office projects from the leasing market and partly because expansion of office spaces for self-use by local corporations, vacancies rate was declining and market rental was stabilized. On the contrary, investors continued to show strong interests to acquire commercial properties in Shanghai throughout the review period. As at 30th June, 2010, we credited HK\$6.6 million on revaluation of our Shanghai office properties.

During the first six months of 2010, the Group had sold out all the remaining units of Shanghai residential properties with a gain of HK\$57,000 recorded. Total net capital gain (deducting various taxes and other transaction charges) of the 50 units of Shanghai residential properties was 61.3% over the purchase that the Group made in year 1996.

Securities Investment Division

An analysis of the securities portfolio by type of securities as at 30th June, 2010 is as below:

Market Value as at	30.06.2010	31.12.2009	Diff %
Investments held for trading	111,624	102,671	+8.7%
Other Assets – Gold Bullion	<u>41,692</u>	<u>23,821</u>	<u>+75.0%</u>
Distribution of Securities in Investments held for trading:			
Equities – Hong Kong	15,638	19,693	-20.6%
Equities – Overseas	12,334	15,003	-17.8%
Mutual Funds	<u>83,653</u>	<u>67,975</u>	<u>+23.1%</u>

As at 30th June, 2010, the Group used its own fund to finance 88.3% of total investment in securities and the remaining 11.7% was financed by bank borrowings.

An analysis of the portfolio by currency denomination as at 30th June, 2010 is listed below:

US Dollar	HK Dollar	Euro	JP Yen	SGP Dollar	AUD Dollar
78.5%	10.2%	5.3%	3.1%	1.8%	1.1%

Uncertainties continued to have played a role in influencing investors' sentiment and global economic growth. During the first half year of 2010, global uncertainties focused on the impact of European sovereign credit risks – i.e. on the ability and willingness of EU policymakers to address weakness of European banking system as well as on the impact of fiscal restraints on European countries. Moreover, uncertainties were growing on risks of pausing in committing capital spending and hiring by corporations as well as of how policymakers in different countries react and respond to the changing economic circumstances. Despite moderate and sustainable recovery conditions in most major economies of the world, high volatility in equities, currencies and commodities markets were noticeable throughout the review period. Uncertainties are expected to continue driving high volatilities on different financial markets in the second half year.

A loss arising from changes in fair values of securities portfolio amounting to HK\$6.2 million and a gain arising from changes in fair values of gold bullion amounting to HK\$4.7 million were recorded for the first half year of 2010. Dividend income also dropped to HK\$217K during the review period, from HK\$753K during the same period of 2009. Interest income generated from the portfolio fell to HK\$429K in the first six months of 2010 whereas HK\$574K was posted in the same period of 2009. Under the Group Reorganisation as mentioned in the Chairman's Statement, total value of the securities portfolio to be retained by the Group after the Group Reorganisation amounted to HK\$102.4 million as at 30th June, 2010.

EMPLOYEES

Total number of staff was reduced by 2 persons to 71 persons as at 30th June, 2010 due to a redundancy of staff in an operating unit of Shanghai properties. With consideration of improved economic conditions in Hong Kong, China, Singapore and Taiwan, the Group reinstated salaries of most staff to the salary level of 2008 in the beginning of year 2010. Staff cost rose to HK\$11.9 million for the first six months ended 30th June, 2010, representing a rise of 38.7% when compared with HK\$8.6 million for the same period ended 30th June, 2009. Employment turnover rate, representing average of total number of employee newly recruited plus departed divided by average number of employee over one year, was at 5.5% for the first half year of 2010.

FINANCIAL RESOURCES AND LIQUIDITY

Amid improved market conditions and increased trading activities, cash outflow from operating activities amounted to HK\$18.3 million for the first six months of 2010. Funds were financed mainly from bank borrowings in supporting working capital required in trading operation. As at 30th June, 2010, inventory was reduced by HK\$3.3 million but receivables rose by HK\$10.4 million when compared with the same at the year end of 2009. In the first six months of 2010, cash provided in investing activities amounted to HK\$18.2 million when compared with HK\$8.4 million in the same period of 2009. Disposal of investment properties of Haihua Garden in Shanghai amounting to HK\$18.1 million was the major source of funds from investing activities during the review period. Financial activities led to a cash outflow of HK\$9.6 million in the first six months of 2010. The cash outflow from financing activities was the net result of dividend payment to shareholders and minority shareholders with total amount of HK\$26.7 million and the increase in bank borrowings amounting of HK\$18.7 million. Primarily contributed from investing activities and internal funds during the review period, cash and cash equivalent amounted to HK\$224.5 million as at 30th June, 2010 when compared with HK\$233.8 million as at 31st December, 2009. Net cash amounted to HK\$17.0 million at the period ended 30th June, 2010 compared with net cash amounted to HK\$ 9.8 million at the period ended 30th June, 2009.

An analysis of cash and bank deposit by currencies as at 30th June 2010 is set out below:

HK Dollar	US Dollar	Euro	SGP Dollar	Renminbi	NT Dollar	Others
14.3%	61.6%	1.2%	0.8%	9.6%	1.7%	10.8%

Long term assets fell by HK\$1.7 million to HK\$402.6 million as at 30th June, 2010 from that of HK\$404.3 million as at 31st December, 2009, mainly due to the net result of disposal of investment properties of Shanghai residential properties and increase in revaluation of remaining investment properties of the Group. With improved sales activities, inventory level fell by 4.5% to HK\$69.4 million as at 30th June, 2010 compared with HK\$72.7 million as at 31st December, 2009. Rising trading turnover led an increase in trade account receivables by HK\$10.4 million to HK\$75.1 million as at 30th June, 2010 when compared with that as at 31st December, 2009.

Stockholders' equity fell by HK\$1.7 million to HK\$634.4 million at the period ended 30th June, 2010. This was primarily due to the net result of earnings attributable to shareholders during the first six months of 2010 and the 2009 final dividend payment of HK\$26.7 million to shareholders.

DEBT STRUCTURE

All short term borrowings were in form of Money Market bank loan and Trust Receipt for the period ended 30th June, 2010. Average lending tenor for Trust Receipt in financing trading facilities was about 58 days during the first six months of 2010, 4 days longer than 54 days when compared with that of the fiscal year ended 31st December, 2009. Money-Market bank loans were primarily used to finance additional inventory held in warehouse and securities assets purchased in the same foreign currencies. Average interest rate charged to trust receipt borrowings was 1.28% during the first half year of 2010 when compared with 1.51% for the same period of 2009. Total finance cost in the first six months of 2010 amounted to HK\$1.2 million (for the first six months ended 30th June, 2009: HK\$1.1 million).

Currency distribution on Bank Borrowings as at 30th June 2010:

	HK\$'000	
Hong Kong Dollars	128,393	61.9%
United States Dollars	61,266	29.5%
Japanese Yen	17,876	8.6%
	<u>207,535</u>	<u>100.0%</u>

Total bank borrowings as at 30th June, 2010 was HK\$207.5 million (as at 31st December, 2009: HK\$188.9 million). Due to reduction of banking facilities during the course of 2009 and the first six months of 2010, average utilization rate of banking facilities of the Group was at 29.7% in the first six months of 2010 when compared with 18.8% in the first six months of 2009. Total banking facilities granted to the Group amounted to HK\$663.4 million as at 30th June, 2010. Debt to equities ratio increased to 0.33: 1 as at 30th June, 2010 when compared with 0.30: 1 as at the year ended 31st December, 2009.

FOREIGN CURRENCY RISK

The Group's monetary transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, Australian Dollars, British Sterling, Renminbi, Singapore Dollars and New Taiwanese Dollars. 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 30th June, 2010, no forward contract was outstanding. Short-term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies or official pegging currencies.

OTHER CORPORATE INFORMATION**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 six months to 30th June, 2010.

DIRECTORS' INTERESTS IN SHARES

At 30th June, 2010, the interests of the directors and their associates in the shares 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 Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies ("Model Code"), 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 (L)	41.457%
Yuen Tin Fan, Francis	Held by controlled corporation (<i>Note 1</i>)	26,984,000 (L)	6.057%
	Founder of discretionary trust (<i>Note 2</i>)	74,770,000 (L)	16.783%
		101,754,000	22.840%
Leung Miu King	Beneficial owner	21,050,000 (L)	4.725%
Wong Chi Kin	Beneficial owner	767,000 (L)	0.172%
Wong Choi Ying	Beneficial owner	9,500 (L)	0.002%
		308,271,575	69.196%

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.

The letter "L" denotes a long position in shares.

(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's subsidiaries
Kee Shing Hardware Supplies Limited	Wong Chi Kin	Beneficial owner	400,000 (L)	100%
Kee Shing Industrial Products Limited	Leung Shu Wing	Beneficial owner	7,000 (L)	70%
Sam Wing International Limited	Leung Shu Wing	Beneficial owner	19,440 (L)	90%

The letter "L" denotes a long position in shares.

Save as disclosed herein, at 30th June, 2010, none of the directors or chief executive of the Company had any interests or short positions in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS 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 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 period under review.

SUBSTANTIAL SHAREHOLDERS(a) *Interests in the Company*

As at 30th June, 2010, so far as is known to any directors or chief executive of the Company, other than the interests and short positions of the directors or chief executive of the Company as disclosed above, the following persons had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity/ Nature of interest	No. of Shares	Approx. percentage of shareholding
Tien Fung Hong Group Limited	Beneficial owner (<i>note</i>)	26,984,000 (L)	6.057%
DBMG Trust Company Limited	Trustee of a discretionary trust	74,770,000 (L)	16.783%

Note: Mr. Yuen Tin Fan, Francis, a director of the Company, is also a director of and holds 60% equity interest in Tien Fung Hong Group Limited.

The letter "L" denotes a long position in shares.

(b) *Interests in other members of the Group*

As at 30th June, 2010, so far as is known to any director or chief executive of the Company, the following person (other than the Company, a director or the chief executive of the Company) was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of shareholder	Name of member of the Group	Approx. percentage of registered/issued capital of the company
Mr. Chan Chung Wan	Ever Channel Properties Limited	10%
Mr. Chan Chung Wan	Global Trade Properties Limited	10%
Mr. Chan Chung Wan	Gold Asset Properties Limited	10%
Mr. Chan Chung Wan	Kingsview Properties Limited	10%
Mr. Chan Chung Wan	Pacific Wide Properties Limited	10%
Mr. Chan Chung Wan	Top Image Properties Limited	10%
Mr. Chan Chung Wan	Topbase Properties Limited	10%
Mr. Chan Chung Wan	Union Channel Properties Limited	10%
Mr. Chan Chung Wan	Union Crown Properties Limited	10%
Mr. Chan Chung Wan	Winbase Properties Limited	10%
Mr. Zen Wea Foo	Klendo Limited	10%
Mr. Herman Santoso	KSIP (Singapore) Pte. Limited	41%

Save as disclosed herein, as at 30th June, 2010, so far as is known to any directors or chief executive of the Company, no other person (other than a director or the chief executive of the Company) had an interest or short position in Ordinary shares of the Company (the "Shares") and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

By Order of the Board

LEUNG SHU WING

Chairman

Hong Kong, 27th August, 2010

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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 reviewed the interim financial information set out on pages 4 to 12, which comprises the condensed consolidated statement of financial position of Kee Shing (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30th June, 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 27th August, 2010