



Kee Shing (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code : 174)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS	2007 HK\$'000	2006 HK\$'000	Change %
Turnover	2,771,092	2,240,998	+23.7%
Profit Attributable to Shareholders	94,974	77,637	+22.3%
Earnings Per Share	21.32¢	17.43¢	+22.3%
Shareholders' Fund Per Share	1.49	1.37	+8.8%
Interest Cover	5.24X	6.79X	N.A.

The Board of Directors are pleased to announce the audited consolidated income statement of the Company and its subsidiaries (the "Group") for the year ended 31st December 2007 and the consolidated balance sheet of the Group as at 31 December 2007 together with the comparative figures for 2006. The audited report has been reviewed by the Company's audit committee.

CHAIRMAN' S STATEMENT

The Kee Shing Group reported a growth of sales turnover by 23.7% to HK\$ 2,771.09 million primarily due to rising metal prices in the fiscal year 2007. Despite the unsatisfactory return from trading business, profit attributable to shareholders achieved a growth of 22.3% to HK\$ 94.97 million with benefits of properties appreciation in Shanghai and Hong Kong markets and gains from selling part of residential properties during the year.

Interim dividend of 4.0 Hong Kong cents per ordinary share was declared on 18th September, 2007. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the Board of Directors recommended a final dividend for 2007 of 6.0 Hong Kong cents per ordinary share (2006: 6.0 Hong Kong cents per ordinary share) payable on or before 20th June, 2008 to shareholders whose names appear on the register of members of the Company as at 23rd May, 2008.

BUSINESS REVIEW

The year of 2007 was the most challenging year to Kee Shing Group over the past 10 years. We experienced headwind collision into different types of risk areas since summer. For trading sector, new high range of volatility in metal and raw material prices suppressed purchase interests from end-users located in China and Southeast Asian countries. Overall demand turned sluggish as many manufacturers located in China faced a harsh operating environment including stricter environmental protection regulations, rising labor cost, shortage of electricity and water, tougher import and export regulation, and tightening of monetary policies by the Chinese government, etc. Changes of a number of suppliers' marketing position and strategies raised difficulties to the Group in managing inventory level and purchase orders. Increasing price-pressure and inventory loss due to sharp fall in nickel prices since summer 2007 caused an overall disappointing result in the trading sector.

The outburst of sub-prime mortgage crisis in the U.S. resulting in a massive selling in global equity and debt markets since August put pressure on the Group's securities portfolio. Credit crunch, threat of inflation and weak dollar also misted up the outlook of global financial markets. As we were well diversified and positioned the Group's portfolio at early of the year, we reported a total realized and unrealized gain of HK\$11.47 million arising from securities investment during the year.

Shanghai property market continued to grow steadily over the past few years. Shortage of new supply in office spaces pushed market rents as well as market prices further up during the year. With support of domestic and foreign demand, Shanghai residential property market also came flourishing. We sold 15 units of residential flats, mainly in the second half of the year, with gain of HK\$ 11.70 million. Together with appreciation of Renminbi and mounting inflation, a total revaluation gain of HK\$ 61.60 million was credited for the fiscal year of 2007.

CORPORATE GOVERNANCE

The Group is committed to adopt governance principles and standards to safeguard the interests of shareholders and stakeholders. The Group's Corporate Governance Report is set out on this Annual Report.

OUTLOOK

After Chinese New Year in 2008, overall market demand has shown a modest pick-up mainly because of stock replenishment by industrial end-users. We are still uncertain of the extent of impact among Asian demand markets, which are largely export-oriented, upon the weakening US economy during 2008. It is notable that China economy continues to grow strongly and the Chinese central government has expressed great concern on soaring inflation pressure. Swiftly rise in Renminbi against the US dollar since December 2007 helped to ease part of pressure on price gap between international markets and China domestic market. It is expected that Chinese central government will continue to introduce administrative measures and tighten monetary policies so as to cool down the overheating economy. Ongoing pressure on global supply of commodity and high oil price is likely to lead an increasing volatility in metal and other raw material prices throughout the year. The Group will maintain a cautious stance to manage inventory level and retain high alert in credit receivables.

The Group has set up a new wholly-owned subsidiary in China engaged as trading arm to meet expanding demand from customers located in China. In spite of the slowing down on Shanghai residential properties transactions, we will continue to sell our residential flat units to the market at gradual pace. Global financial markets are expected to keep facing unprecedented turmoil in regards of sub-prime mortgage risk exposure, weak housing market in the U.S., an abrupt re-pricing of credit risk, and worries how US economic slowdown will affect the overall global economies. The Group will endeavor to maneuver in such volatile condition and adjust asset-allocation of the securities portfolio in any perceived opportunity.

I would like to thank all our staff who worked strenuously in dealing with all the difficulties that we confronted in 2007. Amid persistent uncertainties, the Group will continue to envisage this challenging environment, keep focused and realize opportunities from market recovery.

LEUNG SHU WING

Chairman

Hong Kong, 10th April, 2008

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2007**

	<u>NOTES</u>	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
Turnover	2	2,771,092	2,240,998
Other income		6,790	9,175
Changes in inventories of finished goods		(68,135)	144,405
Purchases of goods held for resale		(2,551,266)	(2,198,165)
Raw materials and consumables used		(48,760)	(56,580)
Staff costs		(27,529)	(27,902)
Depreciation		(2,639)	(2,665)
Other expenses		(27,035)	(29,813)
Gain arising from changes in fair value of investments held for trading		11,467	14,135
Gain on disposal of available-for-sale investments		-	585
Gain arising from change in fair value of foreign exchange yield linked deposit		847	-
Gain arising from changes in fair value of investment properties		73,304	3,517
Finance costs		(26,337)	(15,574)
Share of loss profit of an associate		-	(5,215)
Gain on disposal of interest in an associate		-	13,198
Profit before taxation		111,799	90,099
Income tax expense	3	(9,953)	(9,923)
Profit for the year		<u>101,846</u>	<u>80,176</u>
Attributable to:			
Equity holders of the Company		94,974	77,637
Minority interests		6,872	2,539
		<u>101,846</u>	<u>80,176</u>
Dividends	4	<u>44,550</u>	<u>62,370</u>
Earnings per share - basic	5	<u>HK21.32 cents</u>	<u>HK17.43 cents</u>

BALANCE SHEETS
AT 31ST DECEMBER, 2007

		<u>2007</u>	<u>2006</u>
	<u>NOTES</u>	HK\$'000	HK\$'000
Non-current Assets			
Investment properties		320,406	273,275
Property, plant and equipment		28,890	30,300
Interest in an associate		453	453
Available-for-sale investments		15,487	14,258
Foreign exchange yield linked deposit		8,657	-
		<u>373,893</u>	<u>318,286</u>
Current Assets			
Inventories		221,734	289,861
Debtors, deposits and prepayments	6	228,035	246,866
Bills receivable		24,914	24,270
Investments held for trading		208,882	179,833
Taxation recoverable		4,837	302
Short term bank deposits		28,645	86,857
Bank balances and cash		107,824	84,313
		<u>824,871</u>	<u>912,302</u>
Current Liabilities			
Creditors and accrued charges	7	50,857	84,077
Amounts due to minority shareholders of subsidiaries		9,588	10,408
Taxation payable		2,280	3,652
Bank borrowings		425,989	489,328
		<u>488,714</u>	<u>587,465</u>
Net Current Assets (Liabilities)		<u>336,157</u>	<u>324,837</u>
Total Assets Less Current Liabilities		<u>710,050</u>	<u>643,123</u>
Capital and Reserves			
Share capital		22,275	22,275
Reserves		642,534	589,459
Equity attributable to equity holders of the Company		664,809	611,734
Minority Interests		30,055	22,731
Total Equity		<u>694,864</u>	<u>634,465</u>
Non-current Liability			
Deferred tax liabilities		15,186	8,658
		<u>710,050</u>	<u>643,123</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Attributable to equity holders of the Company							Minority interests HK\$'000	Total equity HK\$'000
	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	Total HK\$'000		
At 1st January, 2006	22,275	153,728	18,226	(2,426)	1,571	400,025	593,399	21,733	615,132
Gain on structured bank deposits	-	-	-	1,084	-	-	1,084	-	1,084
Exchange differences arising on translation of overseas operations	-	-	-	-	1,310	-	1,310	878	2,188
Share of an associate's movement in reserve	-	-	-	-	(808)	-	(808)	-	(808)
Surplus on revaluation upon transfer from property, plant and equipment to investment properties	-	-	788	-	-	-	788	757	1,545
Deferred tax on surplus on revaluation upon transfer from property, plant and equipment to investment properties	-	-	(174)	-	-	-	(174)	(166)	(340)
Net income recognised directly in equity	-	-	614	1,084	502	-	2,200	1,469	3,669
Profit for the year	-	-	-	-	-	77,637	77,637	2,539	80,176
Released from disposal of an associate	-	-	-	-	868	-	868	-	868
Total recognised income for the year	-	-	614	1,084	1,370	77,637	80,705	4,008	84,713
Distribution from winding up of a subsidiary	-	-	-	-	-	-	-	(2,736)	(2,736)
Dividends paid	-	-	-	-	-	(62,370)	(62,370)	(274)	(62,644)
At 31st December, 2006	22,275	153,728	18,840	(1,342)	2,941	415,292	611,734	22,731	634,465
Gain on structured bank deposits	-	-	-	1,229	-	-	1,229	-	1,229
Exchange differences arising on translation of overseas operations	-	-	-	-	1,422	-	1,422	778	2,200
Total income recognised directly in equity	-	-	-	1,229	1,422	-	2,651	778	3,429
Profit for the year	-	-	-	-	-	94,974	94,974	6,872	101,846
Total recognised income for the year	-	-	-	1,229	1,422	94,974	97,625	7,650	105,275
Dividend paid	-	-	-	-	-	(44,550)	(44,550)	(326)	(44,876)
At 31st December, 2007	22,275	153,728	18,840	(113)	4,363	465,716	664,809	30,055	694,864

NOTES :-

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Accountants (the “HKICPA”), which are effective for the current year beginning from 1st January, 2007. The adoption of the new HKFRSs has results in the following areas:

- The impact of application of HKFRS 7 “Financial instruments: Disclosures” has been to expand the disclosures provided in the consolidated financial statements regarding the financial instruments.
- The impact of application of HKAS 1 (Amendment) “Capital Disclosures” has been to disclose information regarding its objectives, policies and processes for managing capital.

The application of the remaining new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact and so far considered that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) - INT 11	HKFRS 2 – Group and Treasury Share Transactions ³
HK(IFRIC) - INT 12	Service Concession Arrangements ⁴
HK(IFRIC) - INT 13	Customer Loyalty Programmes ⁵
HK(IFRIC) - INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st July, 2009.

³ Effective for annual periods beginning on or after 1st March, 2007.

⁴ Effective for annual periods beginning on or after 1st January, 2008.

⁵ Effective for annual periods beginning on or after 1st July, 2008.

2 SEGMENT INFORMATION

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31st December, 2007

	<u>Sales of chemicals and metals</u> HK\$'000	<u>Property investment</u> HK\$'000	<u>Securities investment</u> HK\$'000	<u>Other activities</u> HK\$'000	<u>Eliminations</u> HK\$'000	<u>Consolidated</u> HK\$'000
<i>Turnover</i>						
External sales	2,748,291	17,349	4,444	1,008	-	2,771,092
Inter-segment sales	-	1,343	-	-	(1,343)	-
Total turnover	<u>2,748,291</u>	<u>18,692</u>	<u>4,444</u>	<u>1,008</u>	<u>(1,343)</u>	<u>2,771,092</u>

Inter-segment sales are charged at prevailing market rates.

Results

Segment result	<u>44,895</u>	<u>85,462</u>	<u>15,506</u>	<u>87</u>	<u>-</u>	145,950
Interest income from bank deposits and structured bank deposits						4,040
Unallocated other income						2,750
Unallocated corporate expenses						(14,604)
Finance costs						(26,337)
Profit before taxation						111,799
Income tax expense						(9,953)
Profit for the year						<u>101,846</u>

2 SEGMENT INFORMATION (Continued)

For the year ended 31st December, 2006

	Sales of Chemicals and metals HK\$'000	Property investment HK\$'000	Securities investment HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<i>Turnover</i>						
External sales	2,219,620	16,985	2,976	1,417	-	2,240,998
Inter-segment sales	-	1,299	-	-	(1,299)	-
Total turnover	<u>2,219,620</u>	<u>18,284</u>	<u>2,976</u>	<u>1,417</u>	<u>(1,299)</u>	<u>2,240,998</u>

Inter-segment sales are charged at prevailing market rates.

Results

Segment result	<u>71,657</u>	<u>17,190</u>	<u>17,203</u>	<u>125</u>	<u>-</u>	106,175
Interest income from bank deposits and structured bank deposits						3,611
Unallocated other income						3,578
Unallocated corporate expenses						(15,674)
Finance costs						(15,574)
Share of loss of an associate	-	-	-	(5,215)	-	(5,215)
Gain on disposal of interest in an associate	-	-	-	13,198	-	13,198
Profit before taxation						90,099
Income tax expense						(9,923)
Profit for the year						<u>80,176</u>

3 INCOME TAX EXPENSE

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
The tax charge attributable to the Group comprises:		
Current taxation		
Hong Kong Profits Tax	995	7,989
Profits Tax outside Hong Kong	2,853	2,189
	<u>3,848</u>	<u>10,178</u>
Overprovision in prior years		
Hong Kong Profits Tax	(42)	(261)
Profits Tax outside Hong Kong	(381)	(639)
	<u>(423)</u>	<u>(900)</u>
	3,425	9,278
Deferred taxation	6,528	645
	<u>9,953</u>	<u>9,923</u>

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

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

4 DIVIDENDS

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
Dividend recognised as distributions during the year:		
Interim dividend paid in respect of 2007 of 4 cents (2006: 4 cents) per ordinary share	17,820	17,820
Final dividend paid in respect of 2006 of 6 cents (2005: 10 cents) per ordinary share	26,730	44,550
	<u>44,550</u>	<u>62,370</u>

The final dividend of 6 cents for the year ended 31st December, 2007 per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

5 EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the profit for the year of HK\$94,974,000 (2006: HK\$77,637,000) and on 445,500,000 ordinary shares (2006: 445,500,000 ordinary shares) in issue during the year.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue in either 2007 or 2006.

6 DEBTORS, DEPOSITS AND PREPAYMENTS

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
Trade debtors	222,760	242,874
Less: allowance for doubtful debts	<u>(11,681)</u>	<u>(12,708)</u>
	211,079	230,166
Deposits and prepayments	<u>16,956</u>	<u>16,700</u>
Total debtors, deposits and prepayments	<u><u>228,035</u></u>	<u><u>246,866</u></u>

The aged analysis of trade debtors, net of allowance for doubtful debts are as follows:

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
0 - 30 days	105,083	129,225
31 - 60 days	59,811	66,214
61 - 90 days	26,968	23,178
91 - 120 days	9,508	10,245
121 -365 days	<u>9,709</u>	<u>1,304</u>
	<u><u>211,079</u></u>	<u><u>230,166</u></u>

The credit period on sales of goods to its trade debtors of the Group ranges from cash on delivery to 120 days. The Group has provided fully for all receivables over 270 days because historical experience is such that receivables that are past due beyond 270 days are generally not recoverable. Trade debtors between 120 days and 270 days are provided for based on estimated irrevocable amounts from the sale of goods, determined by reference to past default experience.

7 CREDITORS AND ACCRUED CHARGES

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
Trade creditors	30,979	62,209
Other creditors and accrued charges	<u>19,878</u>	<u>21,868</u>
	<u><u>50,857</u></u>	<u><u>84,077</u></u>

The aged analysis of the trade creditors are as follows:

	<u>2007</u> HK\$'000	<u>2006</u> HK\$'000
0 - 30 days	30,925	61,848
31 - 60 days	44	361
Over 90 days	<u>10</u>	<u>-</u>
	<u><u>30,979</u></u>	<u><u>62,209</u></u>

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 Year ended:	Turnover		Segment Results	
	31.12.2007 HK\$' 000	31.12.2006 HK\$' 000	31.12.2007 HK\$' 000	31.12.2006 HK\$' 000
Electroplating Materials and Chemicals	2,568,447	2,060,093	30,715	56,412
Paint and Coating Chemicals	122,428	93,880	6,277	5,449
Stainless Steel	57,416	65,647	7,903	9,796
Total	2,748,291	2,219,620	44,895	71,657

Electroplating Materials and Chemicals

Total turnover of electroplating materials rose by 24.7% to HK\$ 2.57 billion. This increase is mainly attributed to the effect of high selling prices of base metals and precious metals. During the year, we experienced impacts arising from highly volatile metal prices, change of selling terms and conditions with major suppliers, and various new administrative measures imposed by Chinese government on manufacturers operated in China. We also suffered an inventory loss due to sharp fall of nickel prices since June. Shrinking physical demand from Chinese factories brought us to reduce purchases from suppliers in the second half year of 2007.

Precious Metal Products

After ceasing operation of a precious-metal products' supplier, sales performance in gold products grew slightly after gaining part of market re-allocated shares during the year. Demand in silver products however fell significantly partly because of stiff price competition and partly because of weak demand in silver-related plating industry. Demand from imitation jewelry manufacturers in China reduced significantly due to the high cost of precious metal prices. Overall physical precious metal demand tumbled among traditional electroplating factories located in China as they suffered from tougher requirement of import licenses issuance, stricter anti-pollution regulations, shortage in electricity and water supply, rising labor cost and credit tightening during the year. Impact on price competition due to slow sales, however, was moderately offset by abolishment of export tax rebate policy in China that reduced cheaper materials exported to Hong Kong and Southeast Asian markets.

Base Metal Products

Nickel profitability suffered severely due to high cost of nickel stocks-on-hand in the second half year of 2007. The effect of change of nickel supplier partner and the sharp fall of nickel from US\$54,200 to the lowest of US\$25,000 cost us a considerable inventory loss. Moreover, physical demand was weak in general since the second half year as end-customers were reluctant to replenish their purchase orders expecting for extended falls in later days. Our purchase has cut by more than 30% in the second half year to meet actual demand. Although copper sales quantities also dropped, copper business posted a satisfactory gain as we focused on margin rather than volume.

The reduction in purchases in the second half year due to slow demand lowered down overall inventory level at the year end. With effort of credit tightening among customers, account receivable cycle also reduced. In light of weak demand in electroplating industry, we are watchful of customers' financial situation and carefully manage overall credit extension to customers.

Paint and Coating Chemicals

Sales turnover rose by 30.4% annually to HK\$ 122.4 million in 2007. With high cost in oil price and weak US dollar, purchase costs in different kinds of paint and coating materials rose significantly in general. Overall Chinese local demand growth fell drastically facing with extensive cost-rising in all kinds of paint and coating materials. Also, manufacturers located in China were hard hit by tightening monetary policies by Chinese government and rising labor cost. With support from our suppliers, we could offer competitive packages to meet customers' need. Change of market strategy by shifting price-sensitive local customers to quality-demanding customers in the past years also helped us to grow during the year. Selling price pressure has been moderated at the year end due to easing pressure on over-supply situation in China. It is expected demand market in China will continue to slow down in 2008 owing to raw material cost pressure and tightening measures on various Chinese governmental policies.

Stainless Steel

In 2007, both sales turnover and profitability dropped mainly because of the steep decline in nickel price during the year. Customers substantially reduced their orders of stainless steel, expecting for extended falls in prices. Turnover fell by 12.5% annually. Competitors continued to dump their materials to release their inventory pressure close to the year end. As we were well position to hold relatively low inventory level of high-cost materials during the year, a small inventory loss was incurred at the year end. Following with substantial production cut by stainless steel mills at the end of 2007, market demand started to pick up in early of 2008. Also, demand from China factories is expected to improve in view of easing of nickel price and recovery of orders-placing after Chinese New Year. We will take great cautious in handling purchase orders and monitoring inventory level to avoid inventory cost discrepancy.

Property Investment Division

Total rental income rose by 2.1% to HK\$ 17.35 million in 2007 when compared with HK\$16.99 million in 2006.

Average occupancy rate for Hong Kong offices and Shanghai offices was 100% and 95.8% in 2007 respectively. Hong Kong office properties market price continued to move up during the year, mainly driven by limited prime office supply and strong rental demand in most business districts. Benefited from strong office demand market, our office rental price was able to lift up by 30-50% from a year ago to the market. Close to the year end, one long-term tenant who occupied about 32% of our total rentable office spaces in Shanghai had moved out. Renovation of the vacant spaces has completed and about 95% of the vacant spaces have been leased out before Chinese New Year. Demand in Shanghai prime office spaces remained robust with support of the banking and financial sectors as well as foreign professional services companies. Foreign investment including medium-sized enterprises, individual investors and fund houses continued to flow into Shanghai office market. As at 31st December, 2007, we credited HK\$ 32.19 million on revaluation of Hong Kong and Shanghai offices properties.

Average occupancy rate of Shanghai residential properties in 2007 was at 93.7% while 93.3% was recorded in 2006. As at 31st December, 2007, occupancy rate was at 100%. Shanghai residential property market performed well in 2007. During the year, we sold 15 units of residential flats to the market with gain of HK\$11.70 million. Selling price per sq. m. of the latest sold unit close to year end was 30% higher than that of the unit sold at the beginning of the year. Chinese government tightening measures of uplifting down-payment ratio for residential properties to 40% slowed down the transaction volume of secondary residential properties market near the year end. As at 31st December, 2007, we credited HK\$ 28.95 million on revaluation of Shanghai residential properties.

Securities Investment Division

An analysis of the Group's securities portfolio, current and non-current, by type of securities as at 31st December, 2007 is as below:

(In HKD'000)

<i>Market Value as at</i>	<i>31/12/2007</i>	<i>31/12/2006</i>	<i>Diff %</i>
Investment held for trading	208,882	179,833	+16.2%
Foreign Exchange Yield Linked Deposit	8,657	0	n.a.
Available-for-sale Investments	15,487	14,258	+8.6%
Distribution of Securities in Investment held for trading:			
<i>Equities – Hong Kong</i>	31,819	34,406	-7.5%
<i>Equities – Overseas</i>	36,753	31,478	+16.8%
<i>Mutual Funds – Quoted</i>	140,310	113,949	+23.1%

The year 2007 was one of the most tumultuous years we have ever seen. Robust equity return, in particular of the U.S. shares, during the year was largely weighed down by global credit crunch since summer of 2007. Market volatility across various markets reached to the highest level. US economy has deteriorated severely due to restrictive financial and liquidity conditions combined with significant weakness in housing sector. European economies also undergo a slowing rate of growth and Japan suffers from a depressed economic environment. Despite the U.S. Federal Reserve's recent easing of its policy perspective, credit crunch creates an alarming signal for global economic activity.

During the year, we benefited from a diversified investment strategy and better managed risk portfolio. Total gain arising from changes in fair value on investment held for trading recorded at HK\$ 12.31 million including a realized gain of HK\$1.34 million. Dividend income was reported at HK\$ 3.36 million in 2007. Interest income generated from the portfolio was reported at HK\$ 3.36 million during the year when compared with HK\$ 2.92 million for the year of 2006.

EMPLOYEES

Total number of staff was increased by 2 persons to 85 persons at the year end of 2007. With higher employee turnover rate during the year, total staff cost slightly decreased by 1.3% in 2007 to HK\$ 27.53 million when compared to HK\$ 27.90 million in 2006. Employees' salaries and other benefits have set at appropriate level to reflect market competitiveness in which the business environment that the Group is operating during the year.

FINANCIAL RESOURCES AND LIQUIDITY

For the fiscal year ended 31st December, 2007, cash inflow from operation was recorded at HK\$ 78.40 million (cash outflow from operation for the fiscal year of 2006: HK\$ 119.65 million) mainly attributed by reduction in inventory and account receivable. Total actual dividend distribution in 2007 amounted to HK\$ 44.55 million, lower than that of distribution of HK\$ 62.37 million in 2006. Total equity attributable to shareholders as at 31st December, 2007 accounted at HK\$664.81 million, representing an increase of 8.7% over that of HK\$ 611.73 million as at 31st December, 2006.

Working capital as at 31st December, 2007 also rose to HK\$336.16 million (as at 31.12.2006: HK\$ 324.84 million). Due to weak demand in different industrial sectors and effort of shortening credit terms, total trade debtor turnover cycle has reduced to 28.0 days during the year from 37.8 days for the year of 2006. Overall stock turnover cycle in 2007 also reduced to 30.3 days from 50.1 days in 2006 because of lower inventory level at the year end. Return on equity was reported at 14.3% for the year of 2007, representing a rise from 12.7% that posted for the year of 2006.

The Group recorded cash balance of HK\$ 136.47 million as at 31st December, 2007, representing a decrease of HK\$ 34.7 million when compared with HK\$ 171.17million as at 31st December, 2006. Net borrowing, however, fell to HK\$ 425.99 million as at 31st December, 2007 (as at 31.12.2006: HK\$ 489.33 million). The decline in net borrowings was resulted of the fall in nickel prices at the year end and reducing overall purchases from overseas suppliers due to weak demand. Capital expenditure only amounted to HK\$ 836,000 during the year.

An analysis of cash and short term bank deposits by currencies as at 31st December, 2007 and 31st December, 2006 are set out below:

<i>As at</i>	<i>HKD</i>	<i>USD</i>	<i>EUR</i>	<i>SGD</i>	<i>RMB</i>	<i>NTD</i>	<i>Other</i>
31/12/2007	29.6%	41.4%	3.6%	0.1%	22.9%	0.4%	2.0%
31/12/2006	43.7%	46.5%	2.7%	0.4%	6.2%	0.1%	0.4%

DEBT STRUCTURE

An analysis on bank borrowings by currencies as at 31st December, 2007 and 31st December, 2006 are set out below: (HK\$ '000)

<i>As at</i>	<i>HK Dollar</i>	<i>US Dollar</i>	<i>Japanese Yen</i>	<i>SGP Dollar</i>	<i>Total</i>
31/12/2007	371,147	26,220	15,179	13,443	425,989
31/12/2006	423,099	46,318	6,662	13,249	489,328

All borrowings were in form of Money Market bank loans and Trust Receipt during the year of 2007. Average lending tenor for Trust Receipt in financial trading facilities was about 60 days during the year, 4 days longer than 56 days for the fiscal year ended 31st December, 2006. Money-Market bank loans were either used to finance additional stocks held or securities assets purchased in the same foreign currencies. Average interest rate charged to trust receipt borrowings was 5.40% during the year when compared with 5.16% for the fiscal year ended 31st December, 2006. Average total bank borrowing interest rate charged at 5.33% during 2007 when compared with 5.04% for the fiscal year ended 31st December, 2006. Due to high volatility in metal prices during the year, total finance cost amounted to HK\$ 26.34 million, representing a rise of 69.2% when compared with HK\$ 15.57 million for the fiscal year of 2006.

As at 31st December, 2007, total banking facilities granted by lenders to the Group accounted to HK\$ 874.1 million and the average banking utilization rate was at 54.8%. Debt to equities ratio fell to 0.64:1 as at 31st December, 2007 when compared with 0.80:1 as at the year ended 31st December, 2006.

FOREIGN CURRENCY RISK

The Group monetary transactions were mainly conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, Australian Dollars, Reminbi, 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 31st December, 2007, 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.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors of the Board has today declared a final dividend of HK cents per share (final dividend of 2006: HK 6.0 cent per share), payable on or before 20th June, 2008 to shareholders who are registered as such at the close of business on 23rd May, 2008. The share register will be closed from 20th May, 2008 to 23rd May, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 19th May, 2008.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31st December, 2007 with the Code in Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Exchange"), with which it is required to report compliance.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARE DEALING

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

REMUNERATION COMMITTEE

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

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

AUDIT COMMITTEE

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at VIP room I & II, Level 4, Park Hotel, 61-65 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 23rd May, 2008 at 3:30pm. The notice of Annual General Meeting will be published on the Company's website at www.keeshing.com and HKExnews website at www.hkexnews.hk, and despatched to the shareholders on or about 29th April 2008.

PUBLICATION OF ANNUAL REPORT

The 2007 annual report will be despatched to the shareholders and available on the Company's website at www.keeshing.com and HKExnews website at www.hkexnews.hk on or about 29th April, 2008.

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

Executive Directors :

Leung Shu Wing (Chairman)
Leung Miu King (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

Leung Shu Wing
Chairman

Hong Kong, 10th April, 2008