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Corporate Information

KEE SHING
(HOLDINGS) LIMITED



BOARD OF DIRECTORS

Executive Directors

Leung Shu Wing – Chairman
Leung Miu King
Wong Chi Kin
Wong Choi Ying

Non-executive Directors

Yuen Tin Fan, Francis
Kwan Hing Hin, Stephen
Tang Sai Kwan, Pipvide
(resigned on 15th February, 2001)

Independent Non-executive Directors

Leung Ding Bong, Ronald, FRCP, AIB, OBE, JP
Wong Kong Chi

COMPANY SECRETARY

Wong Choi Ying

SOLICITORS

Herbert Smith

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

DBS Kwong On Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS

Standard Registrars Limited
5/F., Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

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

Financial Highlights

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	Change
INCOME STATEMENT			
Turnover	1,053,704	1,223,055	-13.8%
Operating Profit	61,660	92,415	-33.3%
Profit Attributable to Shareholders	43,878	78,032	-43.8%
Dividends	22,275	28,958	-23.1%
BALANCE SHEETS			
Total Assets	795,298	800,560	-0.7%
Total Borrowings	145,454	143,345	1.5%
Shareholders' Funds	567,801	545,494	4.1%
CASH FLOW			
Net Cash Inflow Generated from Operating Activities	56,885	10,649	434.2%
Working Capital	271,241	249,980	8.5%
Capital Expenditure	1,155	2,205	-47.6%
Earning Per Share	9.8¢	17.5¢	-44.0%
Dividend Per Share	5.0¢	6.5¢	-23.1%
Shareholders' Fund Per Share	\$1.27	\$1.22	4.1%
Interest Cover	4.89x	13.70x	n.a.
Dividend Cover	1.96x	2.69x	n.a.

Note:

1. Earning per share is calculated by dividing profit attributable to shareholders by 445,500,000 shares in issue during 2000 (1999: 445,500,000 shares).
2. Interest Cover is calculated by dividing profit attributable to shareholders before tax, minority interest and interest charges by interest charges.
3. Dividend Cover is calculated by dividing Earning Per Share by Dividend Per Share.

Ten Year Financial Summary

KEE SHING
(HOLDINGS) LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December,

	1991 HK\$'000	1992 HK\$'000	1993 HK\$'000	1994 HK\$'000	1995 HK\$'000
TURNOVER	<u>2,298,749</u>	<u>1,264,033</u>	<u>830,935</u>	<u>924,052</u>	<u>1,066,896</u>
(LOSS) PROFIT BEFORE TAXATION	(5,059)	65,772	87,480	86,993	37,889
TAXATION	<u>(9,778)</u>	<u>(4,161)</u>	<u>(3,577)</u>	<u>(5,496)</u>	<u>(5,945)</u>
(LOSS) PROFIT BEFORE MINORITY INTERESTS	(14,837)	61,611	83,903	81,497	31,944
MINORITY INTERESTS	<u>(3,988)</u>	<u>574</u>	<u>(4,640)</u>	<u>(4,824)</u>	<u>(2,659)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(18,825)</u>	<u>62,185</u>	<u>79,263</u>	<u>76,673</u>	<u>29,285</u>

CONSOLIDATED BALANCE SHEET

As at 31st December,

	1991 HK\$'000	1992 HK\$'000	1993 HK\$'000	1994 HK\$'000	1995 HK\$'000
TOTAL ASSETS	672,695	486,178	539,387	523,039	594,196
TOTAL LIABILITIES	(345,351)	(153,613)	(190,459)	(139,356)	(131,490)
MINORITY INTERESTS	<u>(10,435)</u>	<u>(9,715)</u>	<u>(14,189)</u>	<u>(18,840)</u>	<u>(21,311)</u>
EQUITY	<u>316,909</u>	<u>322,850</u>	<u>334,739</u>	<u>364,843</u>	<u>441,395</u>

Note: The above financial summary prior to 1997 has not been adjusted to take into account the effect on the adoption of the Statement of Standard Accounting Practice 24 "Accounting for investments in securities" issued by the Hong Kong Society of Accountants as the directors considered that it is not practicable to do so.

KEY DATA

	1991	1992	1993	1994	1995
Interest cover (times)	0.78	8.85	20.35	16.73	5.66
Dividends per share (cents)	1.50	6.00	6.50	5.00	4.00
Earnings per share (cents)	(5.80)	16.70	21.40	20.70	7.80
Net assets per share (HK\$)	0.85	0.87	0.90	0.98	0.99
Gearing	0.62	0.16	0.31	0.13	0.13

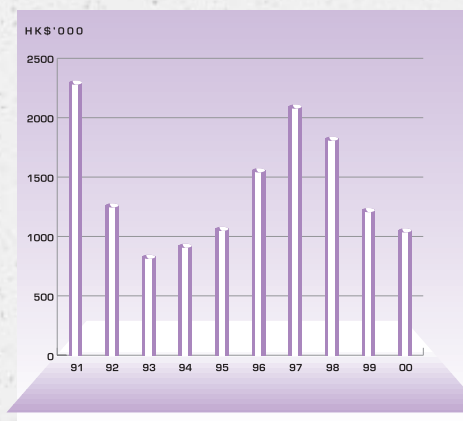
Ten Year Financial Summary

KEE SHING
(HOLDINGS) LIMITED

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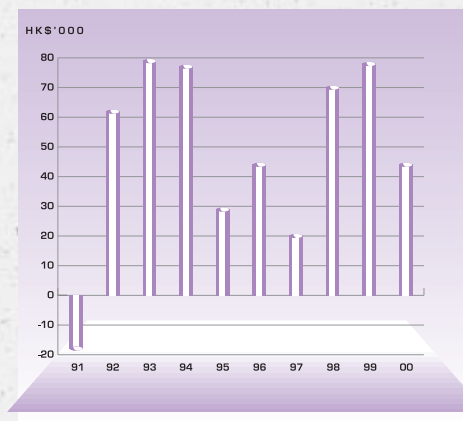
1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000
<u>1,559,027</u>	<u>2,096,755</u>	<u>1,826,177</u>	<u>1,223,055</u>	<u>1,053,704</u>
53,121	31,027	82,050	85,669	48,208
<u>(5,446)</u>	<u>(8,447)</u>	<u>(7,540)</u>	<u>(6,810)</u>	<u>(2,946)</u>
47,675	22,580	74,510	78,859	45,262
<u>(3,890)</u>	<u>(2,383)</u>	<u>(5,002)</u>	<u>(827)</u>	<u>(1,384)</u>
<u>43,785</u>	<u>20,197</u>	<u>69,508</u>	<u>78,032</u>	<u>43,878</u>

Turnover



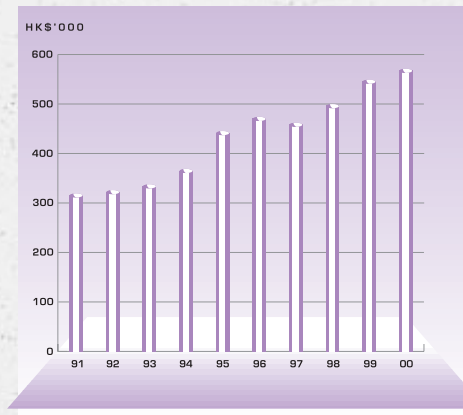
1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000
<u>716,225</u>	<u>760,661</u>	<u>785,566</u>	<u>800,560</u>	<u>795,298</u>
<u>(224,824)</u>	<u>(282,822)</u>	<u>(267,947)</u>	<u>(238,340)</u>	<u>(210,797)</u>
<u>(21,015)</u>	<u>(19,587)</u>	<u>(21,210)</u>	<u>(16,726)</u>	<u>(16,700)</u>
<u>470,386</u>	<u>458,252</u>	<u>496,409</u>	<u>545,494</u>	<u>567,801</u>

Net Profit (Loss) for the year



1996	1997	1998	1999	2000
7.97	5.04	9.61	13.70	4.89
4.00	4.00	6.00	6.50	5.00
9.80	4.50	15.60	17.50	9.80
1.06	1.03	1.11	1.22	1.27
0.21	0.28	0.36	0.26	0.26

Equity



On behalf of the Board, I am pleased to announce that:

RESULTS

The Group's profit attributable to shareholders for 2000 was HK\$43.9 million, a decrease of 43.8% compared with HK\$ 78.0 million in 1999. Turnover was HK\$1,053.7 million, representing a decrease of 13.9% compared to that of previous year. Earning per share was 9.8 cents.

DIVIDEND

The Board proposed to recommend a final dividend of 3.0 cents per share which, together with the interim dividend of 2.0 cents per share already paid, will make a total distribution of 5.0 cents per share (6.5 cents per share in 1999), representing a decrease of 23.1 per cent. The final dividend will be payable on or before 22nd June 2001 to shareholders whose names appear on the register of members of the Company on 18th May 2001.

BUSINESS REVIEWS

Total turnover from trading business of the Group for the year ended 31st December, 2000 was HK\$ 1,023.4 million, representing a decrease of 13.0% compared with HK\$ 1,176.9 million for the year ended 31st December, 1999. The decrease was mainly a result of the ceased operation of trading watch parts in 2000. Nevertheless, business associated with trading metals and chemicals in 2000 accounted a positive growth of 24.7% in sales when compared with the figure in 1999. The economies of Hong Kong, Mainland China and other South East Asian countries showed sustainable improvement in 2000. Together with the strong metal market prices during the year, there was a positive effect of the overall demand in the industries.

Profit generated from trading business after tax accounted for HK\$ 23.0 million for the year ended 31st December, 2000. This contributed about 49.9% of total consolidated profit and represented a decrease of 25.3% when compared with profit after tax at the amount of HK\$ 30.8 million for the year ended 31st December, 1999. Fierce competition still existed in the region. Interest expenses raised almost double during the year due to the increases in turnover of trading business of metals and chemicals, net interest rates, as well as the inventory level in the early part of year 2000. To offset reduction of profit margin, we had implemented new measures on our purchasing system to scrutinize our daily inventory level and timing of purchases.

Gross rental income generated from investment properties reduced by 28.9% to HK\$ 19.7 million in 2000. The decrease represented a full year reflection after one of the investment properties had renewed its three-year lease contract with a substantial reduction of rent since April 1999. Rental market in Shanghai's commercial offices showed a positive lease reversion during the year 2000. In line with rental market trend, Shanghai's property market had shown signs of firming up, benefited from upturn in regional economies as well as Chinese government's policies on properties.

During 2000, the Group disposed of part of its listed and unlisted securities, including equities and bonds, with a net realized gain of HK\$ 20.6 million. This was offset by an unrealized loss of HK\$ 16.9 million, which reflected the lackluster market environment in the year 2000. As additional purchases of securities had been made during the year, the total market value of the Group's securities investment portfolio as at 31st December 2000 increased by 16.2% compared to that 31st December 1999.

Chairman's Statement

KEE SHING
(HOLDINGS) LIMITED

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Starting from 1st January 2000, Miss Marina Leung was appointed as a non-executive director of Asia Commercial Holdings Limited (the "ACL"), in which the Group has 18.9% interest. In compliance with the relevant accounting practice, ACL was accounted for as an associated company of the Group. This has resulted in the creation of goodwill of HK\$ 30.2 million, which represented the difference between the acquisition cost of the Group and the share of ACL's net assets. This goodwill would be amortized over a period of ten years.

Due to the adverse change of the trading business of oil drilling equipment and chemicals in China, the Group decided to cease the business operation of one of our subsidiaries, Sam Wing Resources Limited in 2001. Its Beijing Representative Office will be closed in early of 2001. All relevant accounts receivable and payable were settled in early 2001. Mr. Emerson Joe Tong Oy and Mr. John Lau Sai Chong, directors of Sam Wing Resources Limited, resigned on 31st December 2000. I herewith take this opportunity to thank them for their contributions to the Company in the past years and wish them a great success in their new endeavors.

In November, the Group launched its own official web site named www.keeshing.com and three other web sites which belong to the Group's subsidiaries. They are www.ksip-hk.com, www.samwing.com and www.ksip.com.sg. Through advanced online technology, we hope that the Group's information will be more accessible to our customers, suppliers and investors.

PROSPECTS

The apprehension about the scale of US economy's slowdown and a possible synchronized global economic downturn may have an adverse effect on the overall demand in our industries in 2001. Moderate pressure in cost control like temperate pay rises due to the recovery of Hong Kong economy in 2000 may be offset by lowering prevailing interest rate. Property market in Shanghai is expected to recover further in view of China's expected accession to the World Trade Organization in 2001. Cost control and improving operational efficiencies are still our major management focus. Attitudes towards our securities portfolio will remain conservative. In the foreseeable future, we will continue to concentrate on the growth of our core business and to seek for potential opportunities.

LEUNG SHU WING

Chairman

Hong Kong, 30th March 2001

Management Operation Review and Analysis

KEE SHING
(HOLDINGS) LIMITED

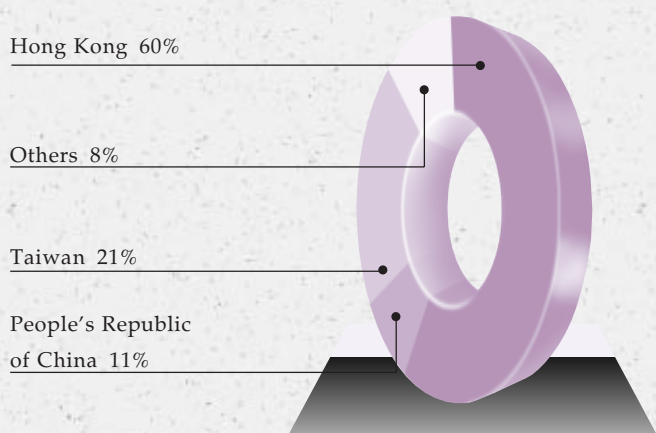
The turnover and profit after taxation of each of our principal activities are analyzed as follows:

	Turnover		Profit after taxation	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trading in Chemical & Metals	1,023,216	820,237	22,942	20,752
Trading in Electronic & Video Parts	202	356,680	8	10,050
Property Investment	19,712	27,733	16,379	4,321
Others	10,574	18,405	6,783	43,736
Total	1,053,704	1,223,055	46,112	78,859

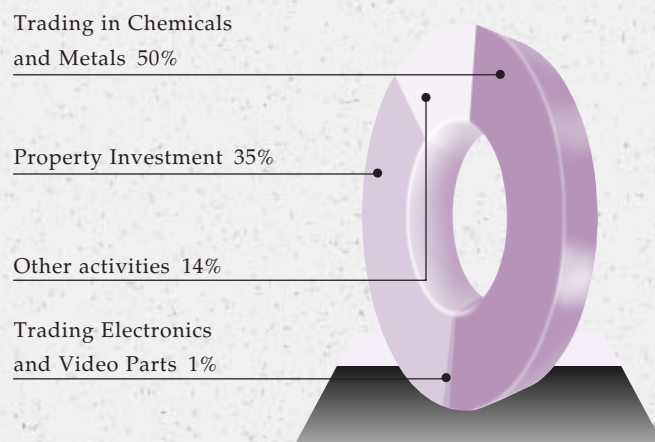
An analysis of the Group's turnover and contribution to the group's operating profit by principal markets is as follows:

	Turnover		Operating profit (loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Local Sales	635,337	891,464	27,048	66,223
Taiwan	222,158	143,821	7,133	4,148
Elsewhere in the People's Republic of China	114,199	109,285	20,508	6,182
Other countries	82,010	78,485	(853)	8,577
Total	1,053,704	1,223,055	53,836	85,130

**Group's Turnover
by Geographical Market in 2000**



**Group's Profit after Taxation
by Activities in 2000**



Management Operation Review and Analysis

KEE SHING
(HOLDINGS) LIMITED

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OPERATING ACTIVITIES

Trading Division

The principal trading activities of the Group together with the contribution of each activity to the Group are as follows:

	Turnover		Operating profit (loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Electroplating Materials	909,041	729,435	31,060	24,894
Electronic and Video Parts	202	356,680	10	10,762
Paint & Coating Chemicals	84,229	67,575	3,610	2,502
Stainless Steel	23,004	21,912	1,161	644
Others	6,942	1,315	(477)	187
Total	1,023,418	1,176,917	35,364	38,989

Electroplating Materials

Total turnover of trading electroplating materials grew by 24.6% to HK\$ 909.0 million for the year ended 31st December 2000 compared with that of the previous year. The business has benefited from the increase in metal prices as well as the overall improvement of demand in Asian regions, like Hong Kong, Mainland China, Singapore and Taiwan. Intensive competition, mainly stemming from Mainland China, was our major concern in the industry that lowered our overall profit margin. We had revised and implemented new measures into our purchasing system for better control of our inventory level and timing of purchases.

In view of the shortage of metals during the first half of year, we raised the inventory level to meet increase in demand. Total trade financial expense was therefore rose accordingly to finance the increase in sales volume as well as the additional inventory. At the end of year 2000, inventory level had returned to normal position. Despite prudent credit policy adopted, an additional specific provision for doubtful debt of HK\$ 4.2 million was charged in 2000, of which HK\$ 3.1 million was charged to Hong Kong customers and another HK\$1.1 million was charged to Taiwan customers. We will continue to make effort to improve its profitability by strengthening our cost and credit controls in 2001.

Electronic and Video Parts

As unfavorable business environment was endured, the Group ceased operation of trading watch parts and videocassette parts in 2000. Total turnover, therefore, recorded only HK\$ 0.2 million for the whole year of 2000.

Paint and Coating Chemicals

Turnover of trading paint and coating chemicals achieved good overall growth of 24.6% for the year ended 31st December 2000. This was mainly derived from strong demand in Mainland China. With our solid industry-specific expertise and knowledge in Mainland China, we continued to develop and improve our distribution network so as to reinforce market penetration. Better control over costs and pricing will further enhance profitability as well as cash flow generated from operations. In view of China's expected accession to the World Trade Organization in 2001, growth in revenue and profitability is expected.

Management Operation Review and Analysis

Stainless Steel

Turnover of trading stainless steel only recorded a slight increase of 5.0% to HK\$ 23.0 million in 2000 when compared with HK\$ 21.9 million in 1999. The business continued to suffer from difficult market conditions and fierce competition. With tight cost control, growth in profitability was recorded in 2000. Difficult market environment is expected to carry on in 2001. We will continue to explore our customers base and improve our service to customers so as to strengthen our earnings ability.

Others

Trading business of oil drilling equipment and chemicals in China has greatly suffered from intensified competition and adverse change of policies in Mainland China. Therefore, the Group decided to cease the operation in 2001. All related accounts receivable and payable had been settled by March 2001. The financial impact of the ceased operation is minimal, as the contribution generated was insignificant in the past years.

Property Investment Division

Total gross rental income was HK\$ 19.7 million for the year ended 31st December 2000, representing a decrease of 28.9% when compared with HK\$ 27.7 million for the year ended 31st December 1999.

Average occupancy rate of our residential units in Shanghai was 77.8% during the year. As at 31st December 2000, its occupancy rate was 88%, an increase of 10% compared with 80% as at 31st December 1999. Offices in Shanghai were fully occupied in 2000. Average occupancy rates in Hong Kong offices was recorded at 82% for the whole year.

Rental income declined during the year mainly due to a full year's reflection of the reduction in rent of one of our offices in Shanghai after the renewal of a three-year lease contracts in April of 1999.

Residential and office properties in Shanghai have shown signs of firming up. Market confidence is again building up after the severe downturn of Shanghai's property market in the past two years. Improvement in rental yield is slow but the pace is expected to accelerate by the end of 2001.

As at 31st December 2000, a slight surplus arising from the revaluation of investment properties amounted to HK\$ 1.35 million was credited to the income statement in 2000.

Management Operation Review and Analysis

KEE SHING
(HOLDINGS) LIMITED

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Securities Investment Division

Market value of the portfolio increased from HK\$ 159.7 million as at 31st December 1999 to HK\$ 159.8 million as at 31st December 2000.

Distribution of Securities Portfolio (as at 31st December 2000)

	Market Value of Investment	Distribution in percentage
Equities	HK\$ 130.0 million	81.4%
Bonds	HK\$ 12.7 million	7.9%
Unit Funds	HK\$ 17.1 million	10.7%

Financed as to (as at 31st December 2000):

80.5% by Group's own cash fund and

19.5% by Bank borrowings

Currencies Distribution

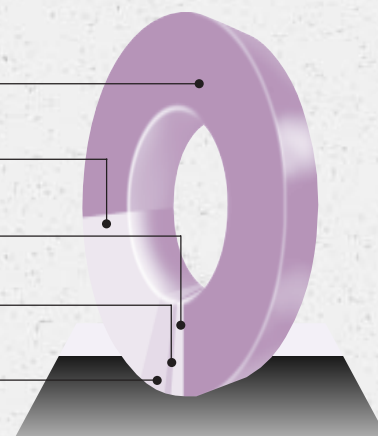
HK Dollars 76%

US Dollars 17%

Euro 2%

Japanese Yen 1%

Singapore Dollars 4%



Performance of the securities portfolio for the year 2000 was not satisfactory because of the overall decline in stock markets which reflect the slowdown of the US economy and the rapid change in market sentiment towards high tech stocks in mid 2000. During the year, we disposed of part of our securities at a gain of HK\$ 20.6 million and made additional purchases costing HK\$ 70.8 million. However, an unrealized loss of HK\$ 16.9 million on our portfolio was recorded as at 31st December 2000. Interest and dividend income generated from the portfolio accounted for HK\$ 6.6 million during the year.

In view of the unstable market situation in the first quarter of 2001, we will continue to take a cautious stance in managing our portfolio.

EMPLOYEES

The Group employed a staff of 102 at the year-end of 2000, of whom 66 worked in Hong Kong, 15 worked in Mainland China, and 21 worked in overseas offices. Their significant efforts are the greatest driving force and major contributors of the Group's success. On behalf of the Group, we would like to thank all staff for their achievement and valuable contributions to the Group.

The Group always encourages staff to enrich its knowledge to cope with future challenge. From time to time, the Group will set up seminars covering topics regarding changes in markets, government policies and new regulations. The Group also finances continuing education of staff in recognized institutions.

FINANCIAL RESOURCES AND LIQUIDITY

The Group's total shareholders' funds have increased to HK\$ 567.8 million at year-end of 2000 compared with HK\$ 545.5 million at year-end of 1999 mainly due to the rise in retained earnings.

As at 31st December 2000, the Group held cash deposits totaling HK\$ 162.8 million (1999: HK\$ 140.9 million). As at the same date, total bank borrowings, which were all due in one year, amounted to HK\$ 145.5 million (1999: HK\$ 143.3 million). Such

Management Operation Review and Analysis

bank borrowings utilized about 29.5% of total available banking facilities granted by various banks. Group assets totaling HK\$ 53.5 million were pledged to secure these bank facilities. The Group was in a net cash position of HK\$ 17.3 million as at 31st December 2000 (1999: net borrowings of HK\$ 2.5 million).

The peak level of borrowings occurred in May and June of 2000 while the level was gradually decreased towards the end of Chinese New Year.

Group's gearing ratio, representing total bank borrowings divided by shareholders' fund, was 0.26 as at 31st December 2000 (1999: 0.26).

DEBT STRUCTURE

As at 31st December 2000, all bank borrowings were in forms of trust receipt loans and money market loans granted by banks.

An analysis of distribution of the Group's bank borrowing by currency as at 31st December 2000 is as below:

Currency	HK\$ '000	Percentage
Hong Kong Dollars	102,717	70.6%
United States Dollars	34,548	23.8%
Japanese Yen	8,189	5.6%
	<u>145,454</u>	<u>100.0%</u>

All borrowings of the Group were on a floating rate basis. Average monthly interest rate of the year ranged from 6.38% p.a. to 8.50% p.a. during the year.

Interest expense for the year ended 31st December 2000 was HK\$ 12.6 million, representing an increase of 86.8% compared with HK\$ 6.7 million for the year ended 31st December 1999. Interest cover was 4.89 times in 2000.

FOREIGN CURRENCY RISK

In 2000, trading transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro Dollars, Reminbi, Singapore Dollars and New Taiwanese Dollars. The Group utilized forward exchange contracts to hedge its foreign currency exposure in its trading activities when considered appropriate. The total outstanding forward exchange contracts as at 31st December 2000 which would mature in the following 3 months amounted to US\$ 600,000.

Short term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies.

CONTINGENT LIABILITIES

As at 31st December 2000, the extent of banking facilities utilized by subsidiaries in respect of which guarantees were given to banks by the Company was HK\$ 147.6 million (1999: HK\$ 131.4 million).

Directors' Profiles

KEE SHING
(HOLDINGS) LIMITED

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EXECUTIVE DIRECTORS

Mr. Leung Shu Wing, aged 62, is the founder of the Group and chairman of the Company. Mr. Leung has over 36 years of experience in trading of electroplating materials and chemicals. He is currently responsible for the Group's strategic planning.

Miss Leung Miu King, aged 31, the daughter of Mr. Leung Shu Wing, joined the Group in November, 1995. She holds a bachelor degree of business administration from the University of San Francisco. Miss Leung has over one year's experience in trade finance with a bank in Hong Kong. She is the executive director of the Group.

Mr. Wong Chi Kin, aged 50, joined the Group in 1984. He has over 27 years of experience in metal trading. Mr. Wong is the managing director of Kee Shing Hardware Supplies Ltd., a subsidiary of the Group which is engaged in trading of stainless steel and video components.

Mr. Wong Choi Ying, aged 48, joined the Group in 1988. He holds a bachelor degree of business administration from the Chinese University of Hong Kong, a fellow of the Chartered Association of Certified Accountants and an associate of the Hong Kong Society of Accountants. Mr. Wong has over 21 years of experience in financial management. He worked for Tai Sang Land Development Limited for over five years before joining the Group. He is the finance director and company secretary of the Group. He is responsible for the Group's financial planning and management.

NON-EXECUTIVE DIRECTORS

Mr. Yuen Tin Fan, Francis, aged 48, is Chairman of Tien Fung Hong Group of companies and a non-executive director of a number of companies whose shares are listed on The Hong Kong Stock Exchange. From 1988 to 1991, he was the chief executive of The Hong Kong Stock Exchange. Mr. Yuen is also a member of Shanghai People's Political Consultative Committee.

Mr. Kwan Hing Hin, Stephen, aged 52 joined the group in 1980 and was the co-founder of Kee shing Industrial Products Limited. He holds a master degree of philosophy from Leeds University in the United Kingdom and is a member of the British Institute of Management and an associate of the Textile Institute. He worked with Jardine Matheson & Co., Limited for over 5 years prior to joining the group. Mr. Kwan has over 26 years of experience in metals and chemicals trading. He changed his role from executive director to non-executive director on 30th September, 1998.

Mr. Tang Sai Kwan, Pipvide, aged 44, joined the Group in 1984. He is a fellow of the Chartered Association of Certified Accountants, an associate of the Hong Kong Society of Accountants and a Certified Public Accountant in Australia. He has over 24 years of experience in financial management. He worked for the John D. Hutchison group for over five years prior to joining the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Leung Ding Bong, Ronald, FRCP, AIB, OBE, JP, aged 66, is an experience banker. He is Chairman of Kwong On Bank, Limited. Dr. Leung joined the Group in December 1993 as an independent non-executive director.

Mr. Wong Kong Chi, aged 42, is formerly an experienced merchant banker. He is also independent non-executive directors of several listed companies in Hong Kong. Mr. Wong joined the Group in December 1993 as an independent non-executive director.

Senior Management Profiles

KEE SHING
(HOLDINGS) LIMITED

Mr. Herman Santoso, aged 64, joined the Group in 1980. He has over 32 years of experience in the trading of chemicals and electroplating equipment, particularly in Singapore and Indonesia. Mr. Santoso is the managing director of KSIP (Singapore) Pte. Limited, and is responsible for the development of the Group's business in Singapore, Indonesia and Malaysia.

Dr. Kee Moh Lian, aged 61, joined the Group in 1980. Dr. Kee holds a Ph. D. degree of chemistry from McGill University of Canada. Prior to joining the Group, he was the head of the chemistry technology section of the Singapore Institute of Standards and Industrial Research. Dr. Kee is a director and the general manager of KSIP (Singapore) Ptd. Limited, and is responsible for marketing and customer services in Singapore, Indonesia and Malaysia.

Mr. Voravudh Settin, aged 57, joined the Group in 1989. He holds a bachelor degree in chemistry from Chulalongkorn University in Thailand and a certificate of marketing management from Queen's University, Canada. Prior to joining the Group, he had over 26 years of experience in the management and marketing of wide range of industrial chemicals from Ciba-Geigy, Dow Chemical and Dinippon Ink & Chemical. Mr. Settin is the managing director of KSIP (Thailand 1989) Co., Ltd.

Mr. Chan Yuet Lung, Frankie, aged 46, joined the Group in 1988. He holds a degree in Business administration from California State University, Long Beach. Prior to his joining the Group, he had worked for Cafe De Coral group of companies for 9 years. He has 23 years of experience in management sales and marketing. Mr. Chan is the director and general manager of Kee Shing Industrial Products Limited.

Mr. Wong Siu Hung, Rico, aged 42, joined the Group in 1987. He has over 20 years of experience in China trade. Mr. Wong is the director and general manager of Sam Wing International Limited.

Notice of Annual General Meeting

KEE SHING
(HOLDINGS) LIMITED

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at VIP Room, 1/F., Park Hotel, 61-65 Chatham Road South, Kowloon, Hong Kong on Friday, 18th May, 2001 at 3:30 p.m. for the following purposes:

1. To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31st December, 2000;
2. To declare a final dividend;
3. To re-elect retiring directors and authorise the board to fix the remuneration of the directors;
4. To appoint auditors and to authorise the board to fix their remuneration;
5. As special business, to consider and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions:

(1) **“THAT:**

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

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

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

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

Notice of Annual General Meeting

KEE SHING
(HOLDINGS) LIMITED

(2) **“THAT:**

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the relevant period of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the shares to be repurchased by the Company pursuant to paragraph (a) of this resolution during the relevant period shall not exceed 10 per cent of the shares of the Company in issue at the date of this resolution; and
- (c) for the purpose of this resolution, “relevant period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting.”

- (3) **“THAT,** conditional upon the resolutions (5) and (6) in the notice convening this meeting being passed, the aggregate nominal amount of the number of shares which are repurchased by the Company after this resolution becoming effective (up to maximum of 10 per cent of the issued share capital of the Company in issue at the date of this resolution) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the resolution (5) in the said notice referred to above.”

By Order of the Board
WONG CHOI YING
Secretary

Hong Kong, 30th March, 2001

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on the poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power attorney or authority must be delivered at the registered office of the Company not less than forty-eight hours before the time appointed for holding the meeting.
3. The register of members will be closed from Tuesday, 15th May, 2001 to Friday, 18th May, 2001 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road, Central, Hong Kong not later than 4:00 p.m. on Monday, 14th May, 2001. Dividend warrants will be despatched to Shareholders on or before Friday, 22nd June, 2001.

Directors' Report

KEE SHING
(HOLDINGS) LIMITED

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The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st December, 2000 are set out in the consolidated income statement on page 22.

An interim dividend of 2 cents per share was paid to the shareholders of the Company during the year. The directors now recommend the payment of a final dividend of 3 cents per share to the shareholders of the Company whose names appear on the register of members on 18th May, 2001 and the retention of the remaining profit for the year.

FINANCIAL SUMMARY

A financial summary of the Group for the past ten financial years is set out on page 4 and 5.

SHARE CAPITAL

Details of the Company's share capital are set out in note 20 to the financial statements. There was no change in the issued share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 21 to the financial statements.

INVESTMENT PROPERTIES

All of the investment properties of the Group were revalued at 31st December, 2000, as set out in note 13 to the financial statements. The resulting surplus arising on revaluation which amounted to HK\$1,354,000 has been credited to the consolidated income statement.

Particulars of the investment properties of the Group as at 31st December, 2000 are set out on pages 51 and 52.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31st December, 2000 are set out in note 32 to the financial statements.

ASSOCIATES

Particulars of the Group's associates as at 31st December, 2000 are set out in note 16 to the financial statements.

BORROWINGS

Details of the Group's borrowings are set out in note 24 to the financial statements. No interest was capitalised by the Group during the year.

DIRECTORS AND SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Leung Shu Wing – *Chairman*

Leung Miu King

Wong Chi Kin

Wong Choi Ying

Non-executive directors:

Yuen Tin Fan, Francis

Kwan Hing Hin, Stephen

Tang Sai Kwan, Pipvide (resigned on 15th February, 2001)

Independent non-executive directors:

Leung Ding Bong, Ronald

Wong Kong Chi

In accordance with Article 116 of the Company's Articles of Association, Ms. Leung Miu King, Messrs. Kwan Hing Hin, Stephen and Leung Ding Bong, Ronald retire by rotation and, being eligible, offer themselves for re-election.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

KEE SHING
(HOLDINGS) LIMITED

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DIRECTORS' INTEREST IN SHARES

At 31st December, 2000, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Personal interest	Number of shares held	
		Corporate interest	Other interest
Leung Shu Wing	184,691,075	—	—
Yuen Tin Fan, Francis	—	26,984,000 (Note 1)	74,760,000 (Note 2)
Leung Miu King	20,434,000	—	—
Kwan Hing Hin, Stephen	5,000,000	—	—
Wong Chi Kin	767,000	—	—
Tang Sai Kwan, Pipvide	350,000	—	—
Wong Choi Ying	9,500	—	—

Notes:

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. 74,760,000 shares in the Company are registered in the name of Snowdon International Limited, a company which is beneficially owned as to 100% by the trustees of the T F Yuen Trust, a discretionary trust of which Mr. Yuen Tin Fan, Francis is one of the beneficiary objects.

The personal beneficial interests of the directors in the non-voting preferred shares of the Company's subsidiaries as at 31st December, 2000 were as follows:

Name of subsidiary	Name of director	Number of non-voting preferred shares
Kee Shing Hardware Supplies Limited	Wong Chi Kin	400,000
Kee Shing Industrial Products Limited	Leung Shu Wing	7,000
	Kwan Hing Hin, Stephen	2,000
Sam Wing International Limited	Leung Shu Wing	19,440

Save as disclosed above, at 31st December, 2000, none of the directors or their associates had any interests in the securities of the Company or any of its subsidiaries or associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain directors disclosed under the heading "Directors' Interest in Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no other person as having an interest representing 10% or more of the issued share capital of the Company as at 31st December, 2000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2000, the aggregate turnover attributable to the Group's five largest customers was less than 30% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 92% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 43% of the total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2000 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

DONATION

During the year, the Group made charitable donation amounting to HK\$50,000.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

LEUNG SHU WING

Chairman

30th March, 2001

Auditors' Report

KEE SHING
(HOLDINGS) LIMITED

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德勤·關黃陳方會計師行

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

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF
KEE SHING (HOLDINGS) LIMITED
奇盛(集團)有限公司

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 22 to 50 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

30th March, 2001

Consolidated Income Statement

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	3	1,053,704	1,223,055
Other revenue	4	9,922	9,814
Changes in inventories of finished goods		(13,685)	2,228
Purchase of goods held for resale		(927,192)	(1,089,762)
Raw materials and consumables used		(5,805)	(7,397)
Staff costs		(24,038)	(24,424)
Depreciation and amortisation		(3,403)	(3,507)
Other operating expenses		(29,813)	(36,199)
Amortisation of premium arising on acquisition of an associate		(3,022)	–
Net realised gain and unrealised loss on other investments		3,638	42,009
Surplus (deficit) arising on revaluation of investment properties		1,354	(23,402)
Profit from operations	5	61,660	92,415
Finance costs	6	(12,602)	(6,746)
Share of loss of associates		(850)	–
Profit before taxation		48,208	85,669
Taxation	9	(2,946)	(6,810)
Profit before minority interests		45,262	78,859
Minority interests		(1,384)	(827)
Net profit for the year	10	43,878	78,032
Dividends	11	22,275	28,958
Earnings per share	12	9.8 cents	17.5 cents

Balance Sheets

KEE SHING
(HOLDINGS) LIMITED

At 31st December, 2000

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	Notes	THE GROUP		THE COMPANY	
		2000	1999	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current Assets					
Investment properties	13	220,146	218,792	–	–
Property, plant and equipment	14	41,751	44,537	443	499
Investments in subsidiaries	15	–	–	38,587	38,587
Interests in associates	16	51,880	453	–	–
Investments in securities	17	10,040	61,833	–	–
Amounts due from subsidiaries		–	–	424,396	347,160
		323,817	325,615	463,426	386,246
Current Assets					
Inventories	18	40,849	54,518	–	–
Debtors, deposits and prepayments	19	92,735	105,205	463	497
Bills receivable		17,521	12,836	–	–
Taxation recoverable		180	1,750	–	315
Dividends receivable		–	–	46,640	34,710
Amounts due from subsidiaries		–	–	–	43,548
Investments in securities	17	157,391	159,743	–	4,417
Short term bank deposits		66,099	103,238	–	–
Bank balances and cash		96,706	37,655	33	61
		471,481	474,945	47,136	83,548
Total Assets		795,298	800,560	510,562	469,794

Balance Sheets

At 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

	NOTES	THE GROUP		THE COMPANY	
		2000	1999	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	20	22,275	22,275	22,275	22,275
Reserves	21	545,526	523,219	299,531	271,055
		567,801	545,494	321,806	293,330
Minority Interests		16,700	16,726	–	–
Non-current Liabilities					
Amount due to minority shareholder of a subsidiary		10,557	11,817	–	–
Deferred taxation	22	–	1,558	–	–
		10,557	13,375	–	–
Current Liabilities					
Creditors and accrued charges	23	36,666	60,987	2,078	5,643
Bills payable		2,106	570	–	–
Proposed dividend	11	13,365	17,820	13,365	17,820
Taxation payable		2,649	2,243	–	–
Bank borrowings	24	145,454	143,345	10,000	–
Amounts due to subsidiaries		–	–	163,313	153,001
		200,240	224,965	188,756	176,464
Total Equity and Liabilities		795,298	800,560	510,562	469,794

The financial statements on pages 22 to 50 were approved by the Board of Directors on 30th March, 2001 and are signed on its behalf by:

LEUNG SHU WING
Director

WONG CHOI YING
Director

Consolidated Statement of Recognised Gains and Losses

KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Exchange differences arising on translation of overseas operations	379	11
Share of an associate's movements in:		
– Capital reserve	191	–
– Investment property revaluation reserve	302	–
– Exchange reserve	(168)	–
	325	–
Net gains not recognised in the consolidated income statement	704	11
Net profit for the year	43,878	78,032
Total recognised gains	44,582	78,043

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

	Notes	2000 HK\$'000	1999 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	56,885	10,649
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(26,730)	(26,730)
Interest paid		(12,602)	(6,746)
Dividends paid to minority shareholders of subsidiaries		(1,154)	(5,320)
Interest received from bank deposits		7,824	7,285
Dividend received from an unlisted investment		228	94
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(32,434)	(31,417)
TAXATION			
Hong Kong Profits Tax paid		(2,538)	(4,073)
Hong Kong Profits Tax refunded		1,270	–
Profits tax outside Hong Kong paid		(1,209)	(955)
CASH OUTFLOW FROM TAXATION		(2,477)	(5,028)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,155)	(2,205)
Proceeds from disposal of property, plant and equipment		239	2,958
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		(916)	753
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING		21,058	(25,043)
FINANCING	26		
Amount repaid to minority shareholder of a subsidiary		(1,260)	–
Repayment of bank loans		–	(3,362)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		19,798	(28,405)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(2,452)	25,932
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		5	21
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	17,351	(2,452)

Notes to the Financial Statements

KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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1. GENERAL

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

Goodwill

Negative goodwill, which is classified as capital reserve and represents the excess of the Group's share of the fair value ascribed to the separable net assets of a subsidiary acquired over the consideration paid, is credited directly to reserves.

Any premium arising on the acquisition of interest in an associate, representing the excess of the purchase consideration over the Group's share of the fair value ascribed to the separable net assets of the associate at the date of acquisition, is capitalised as part of the Group's interests in associates and amortised over a period of ten years.

On the disposal of investments in subsidiaries and associates, the attributable amount of unamortised goodwill/goodwill or premium previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary and associate.

Revenue recognition

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

Commission income is recognised when services are rendered.

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

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

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

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investment properties

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

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

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

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

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation less depreciation and amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

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

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Certain of the Group's leasehold land and buildings were revalued at 31st December, 1991. The surplus arising on revaluation of land and buildings was credited to the property revaluation reserve. The Group has adopted the transitional relief provided by paragraph 72 of the SSAP 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluation on a regular basis of the Group's leasehold land and buildings and, accordingly, no further revaluation of leasehold land and buildings will be carried out. On subsequent disposal of such properties, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred to retained profits.

Notes to the Financial Statements

KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property, plant and equipment – *continued*

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

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

Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

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

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

Investments in securities

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

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

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

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

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Operating leases

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

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Cash equivalents

Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advances.

Notes to the Financial Statements

KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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3. TURNOVER AND CONTRIBUTIONS TO PROFIT FROM OPERATIONS

The turnover and contributions to profit from operations of the Group for the year ended 31st December, 2000, analysed by principal activity and by geographical market, are as follows:

	Turnover		Contributions to profit from operations	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
By principal activity:				
Sales of chemicals and metals	1,023,216	820,237	35,355	28,227
Sales of electronic and video parts	202	356,680	10	10,762
Property investment – rental income	19,712	27,733	16,381	1,555
Other activities	10,574	18,405	2,090	44,586
	<u>1,053,704</u>	<u>1,223,055</u>	<u>53,836</u>	<u>85,130</u>
Interest income from bank deposits			7,824	7,285
			<u>61,660</u>	<u>92,415</u>
By geographical market:				
Hong Kong	635,337	891,464	33,303	71,207
Taiwan	222,158	143,821	7,442	4,181
Elsewhere in the People's Republic of China	114,199	109,285	21,474	7,210
Others	82,010	78,485	(559)	9,817
	<u>1,053,704</u>	<u>1,223,055</u>	<u>61,660</u>	<u>92,415</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
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4. OTHER REVENUE

Other revenue comprises:

	2000 HK\$'000	1999 HK\$'000
Interest income from bank deposits	7,824	7,285
Sundry income	1,838	883
Dividend income from an unlisted investment	228	94
Gain on disposal of property, plant and equipment	32	1,552
	<u>9,922</u>	<u>9,814</u>

5. PROFIT FROM OPERATIONS

	2000 HK\$'000	1999 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,076	1,078
Rental payments in respect of properties under operating leases	1,955	1,965
and after crediting:		
Dividend income from listed investment	4,966	2,572
Gross rental income from properties under operating leases		
after outgoings of HK\$74,000 (1999: HK\$75,000)	19,638	27,658
Interest income from investments	<u>1,601</u>	<u>2,406</u>

6. FINANCE COSTS

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

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KEE SHING
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For the year ended 31st December, 2000

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7. DIRECTORS' EMOLUMENTS

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Directors' fees	530	630
Other emoluments to directors:		
Salaries and other benefits	2,909	2,764
Performance related incentive payments	323	307
	3,232	3,071
Total directors' emoluments	3,762	3,701

The amounts disclosed above include directors' fees of HK\$230,000 (1999: HK\$230,000) and other emoluments of HK\$170,000 (1999: HK\$170,000) payable to independent non-executive directors.

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

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

8. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two directors (1999: two directors), details of whose emoluments are included in the amounts disclosed in note 7 above. The emoluments of the remaining highest paid employees, other than directors of the Company, are follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Salaries and other benefits	3,172	3,051
Performance related incentive payments	314	275
	3,486	3,326

Their emoluments were within the following bands

	2000 <i>Number of employees</i>	1999 <i>Number of employees</i>
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	3	2

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For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

9. TAXATION

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
The tax charge attributable to the Company and its subsidiaries comprises:		
Current taxation		
Hong Kong Profits Tax	3,002	3,681
Profits tax outside Hong Kong	1,476	1,571
	4,478	5,252
Deferred taxation		
Hong Kong Profits Tax (<i>note 22</i>)	(1,558)	1,558
	2,920	6,810
Share of taxation attributable to associates	26	–
	2,946	6,810

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

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

Details of the deferred taxation are set out in note 22.

10. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$43,878,000 (1999: HK\$78,032,000), a profit of HK\$50,751,000 (1999: HK\$53,009,000) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Interim dividend paid of 2 cents (1999: 2.5 cents) per ordinary share	8,910	11,138
Final dividend proposed of 3 cents (1999: 4 cents) per ordinary share	13,365	17,820
	22,275	28,958

The final dividend of 3 cents (1999: 4 cents) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

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KEE SHING
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12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the year of HK\$43,878,000 (1999: HK\$78,032,000) and on 445,500,000 ordinary shares (1999: 445,500,000 ordinary shares) in issue during the year.

13. INVESTMENT PROPERTIES

THE GROUP

HK\$'000

VALUATION

At 1st January, 2000	218,792
Surplus arising on revaluation	1,354
	<hr/>
At 31st December, 2000	220,146
	<hr/>

The Group's investment properties comprise:

	2000 HK\$'000	1999 HK\$'000
Properties held under medium-term leases:		
– in Hong Kong	9,000	9,000
– elsewhere in the People's Republic of China	166,686	165,618
	<hr/>	<hr/>
	175,686	174,618
Properties held under long leases:		
– elsewhere in the People's Republic of China	44,460	44,174
	<hr/>	<hr/>
	220,146	218,792
	<hr/>	<hr/>

All of the investment properties of the Group were revalued at 31st December, 2000 by Knight Frank, an independent firm of professional valuers, on an open market value existing use basis. The resulting surplus arising on revaluation which amounted to HK\$1,354,000 has been credited to the consolidated income statement.

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

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
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14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Computer equipment HK\$'000	Total HK\$'000
THE GROUP						
COST OR VALUATION						
At 1st January, 2000	43,139	13,165	4,241	1,387	2,445	64,377
Currency realignment	(344)	(14)	(60)	–	(6)	(424)
Additions	–	676	256	17	206	1,155
Disposals	–	(399)	(337)	–	(473)	(1,209)
At 31st December, 2000	42,795	13,428	4,100	1,404	2,172	63,899
Comprising:						
At cost	12,790	13,428	4,100	1,404	2,172	33,894
At valuation – 1991	30,005	–	–	–	–	30,005
	42,795	13,428	4,100	1,404	2,172	63,899
DEPRECIATION AND AMORTISATION						
At 1st January, 2000	4,682	9,805	2,166	1,269	1,918	19,840
Currency realignment	(37)	(14)	(37)	–	(5)	(93)
Provided for the year	875	1,337	834	55	302	3,403
Eliminated on disposals	–	(323)	(252)	–	(427)	(1,002)
At 31st December, 2000	5,520	10,805	2,711	1,324	1,788	22,148
NET BOOK VALUES						
At 31st December, 2000	37,275	2,623	1,389	80	384	41,751
At 31st December, 1999	38,457	3,360	2,075	118	527	44,537

Certain of the leasehold land and buildings of the Group were revalued at 31st December, 1991. Had all the leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of these properties would have been stated at HK\$23,585,000 (1999: HK\$24,467,000).

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KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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14. PROPERTY, PLANT AND EQUIPMENT – continued

	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
THE COMPANY			
COST			
At 1st January, 2000	2,401	1,865	4,266
Additions	167	52	219
Disposals	(20)	(283)	(303)
At 31st December, 2000	2,548	1,634	4,182
DEPRECIATION			
At 1st January, 2000	2,341	1,426	3,767
Provided for the year	47	220	267
Eliminated on disposals	(19)	(276)	(295)
At 31st December, 2000	2,369	1,370	3,739
NET BOOK VALUES			
At 31st December, 2000	179	264	443
At 31st December, 1999	60	439	499

The Group's leasehold land and buildings comprise:

	Leasehold land and buildings	
	2000 HK\$'000	1999 HK\$'000
Properties held under medium-term leases:		
– in Hong Kong	25,961	26,570
– elsewhere in the People's Republic of China	3,347	3,430
	29,308	30,000
Properties held under long leases:		
– overseas	7,967	8,457
	37,275	38,457

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
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15. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Unlisted shares, at cost	<u>38,587</u>	<u>38,587</u>

Particulars of the subsidiaries at 31st December, 2000 are set out in note 32.

16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Share of net assets	24,684	453
Premium arising on acquisition	30,218	–
Amortisation of premium	<u>(3,022)</u>	<u>–</u>
	<u>51,880</u>	<u>453</u>

Particulars of the associates at 31st December, 2000 are as follows:

Name of associate	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of issued share capital held by the Group %	Principal activities
Asia Commercial Holdings Limited	Incorporated	Bermuda	Hong Kong	Ordinary	18.9	Watch trading and retailing activities
KSIP (Thailand 1989) Co., Ltd.	Incorporated	Thailand	Thailand	Ordinary	49	Inactive

Notes to the Financial Statements

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17. INVESTMENTS IN SECURITIES

THE GROUP

	Investment securities		Other investments		Total	
	2000	1999	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities:						
Listed – Hong Kong	–	55,000	122,857	132,798	122,857	187,798
Listed – overseas	3,132	3,132	7,115	3,068	10,247	6,200
Unlisted	3,207	–	18,444	13,284	21,651	13,284
	<u>6,339</u>	<u>58,132</u>	<u>148,416</u>	<u>149,150</u>	<u>154,755</u>	<u>207,282</u>
Debt securities:						
Listed – overseas	–	–	12,676	14,294	12,676	14,294
Total securities:						
Listed	3,132	58,132	142,648	150,160	145,780	208,292
Unlisted	3,207	–	18,444	13,284	21,651	13,284
	<u>6,339</u>	<u>58,132</u>	<u>161,092</u>	<u>163,444</u>	<u>167,431</u>	<u>221,576</u>
Market value of listed securities	<u>3,432</u>	<u>39,432</u>	<u>142,648</u>	<u>150,160</u>	<u>146,080</u>	<u>189,592</u>
Carrying amount analysed for reporting purposes as:						
Non-current	6,339	58,132	3,701	3,701	10,040	61,833
Current	–	–	157,391	159,743	157,391	159,743
	<u>6,339</u>	<u>58,132</u>	<u>161,092</u>	<u>163,444</u>	<u>167,431</u>	<u>221,576</u>

THE COMPANY

Equity securities:						
Listed – Hong Kong	–	–	–	4,417	–	4,417
Market value of listed securities	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,417</u>	<u>–</u>	<u>4,417</u>
Carrying amount analysed for reporting purposes as:						
Current	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,417</u>	<u>–</u>	<u>4,417</u>

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For the year ended 31st December, 2000

KEE SHING
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17. INVESTMENTS IN SECURITIES – *continued*

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

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

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

18. INVENTORIES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Raw materials	226	210
Finished goods	40,623	54,308
	<u>40,849</u>	<u>54,518</u>

Included in inventories are finished goods of HK\$9,283,000 (1999: HK\$17,050,000) carried at net realisable value.

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19. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of ranging from cash on delivery to 120 days to its trade debtors. The ageing analysis of trade debtors of HK\$81,023,000 (1999: HK\$95,572,000) which are included in the Group's debtors, deposits and prepayments are as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
0 – 30 days	37,412	43,914
31 – 60 days	24,665	30,077
61 – 90 days	12,628	14,104
91 – 120 days	3,965	4,798
121 – 365 days	2,353	2,679
	<u>81,023</u>	<u>95,572</u>

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

20. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each		
Authorised:		
At beginning and at end of the years 1999 and 2000	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At beginning and at end of the years 1999 and 2000	<u>445,500,000</u>	<u>22,275</u>

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For the year ended 31st December, 2000

KEE SHING
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21. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP							
At 1st January, 1999	153,728	26,090	5,280	16,065	1,504	271,467	474,134
Exchange differences arising on translation of overseas operations	–	–	–	–	11	–	11
Realised on disposal of a property	–	–	–	(625)	–	625	–
Net profit for the year	–	–	–	–	–	78,032	78,032
Dividends	–	–	–	–	–	(28,958)	(28,958)
At 31st December, 1999	153,728	26,090	5,280	15,440	1,515	321,166	523,219
Exchange differences arising on translation of overseas operations	–	–	–	–	379	–	379
Share of movement of an associate	–	191	302	–	(168)	–	325
Net profit for the year	–	–	–	–	–	43,878	43,878
Dividends	–	–	–	–	–	(22,275)	(22,275)
At 31st December, 2000	153,728	26,281	5,582	15,440	1,726	342,769	545,526
Attributable to:							
Company and subsidiaries	153,728	26,090	5,280	15,440	2,198	343,645	546,381
Associates	–	191	302	–	(472)	(876)	(855)
	153,728	26,281	5,582	15,440	1,726	342,769	545,526
THE COMPANY							
At 1st January, 1999	153,728	–	–	–	–	93,276	247,004
Net profit for the year	–	–	–	–	–	53,009	53,009
Dividends	–	–	–	–	–	(28,958)	(28,958)
At 31st December, 1999	153,728	–	–	–	–	117,327	271,055
Net profit for the year	–	–	–	–	–	50,751	50,751
Dividends	–	–	–	–	–	(22,275)	(22,275)
At 31st December, 2000	153,728	–	–	–	–	145,803	299,531

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(HOLDINGS) LIMITED

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21. RESERVES – *continued*

The balance of investment property revaluation reserve of the Group at 31st December, 2000 includes an amount of HK\$5,280,000 (1999: HK\$5,280,000), which represents the accumulated amount transferred from the property revaluation reserve as a result of the change in usage of certain previously self-occupied leasehold properties to investment properties. Such revaluation reserve has been frozen upon the transfer and will be transferred to retained profits when the relevant properties are disposed of.

The Company's reserves available for distribution to shareholders as at 31st December, 2000 comprised the retained profits of HK\$145,803,000 (1999: HK\$117,327,000).

22. DEFERRED TAXATION

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
At beginning of the year	1,558	–
(Credit) charge for the year (<i>note 9</i>)	(1,558)	1,558
At end of the year	–	1,558

The deferred tax liability above is provided on the surplus arising on the Group's unrealised gain on revaluation of investments in securities.

At 31st December, 2000, the Group had an unrecognised deferred tax asset of approximately HK\$14,694,000 (1999: HK\$17,450,000) relating to unutilised tax losses of certain subsidiaries. The deferred tax asset has not been recognised as it is uncertain whether the benefit will crystallise in the foreseeable future.

A deferred tax liability has not been provided on the surplus arising on revaluation of the Group's properties situated in Hong Kong as profits arising on the disposal of such properties, if any, would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purposes.

Neither the Group nor the Company had any other significant unprovided deferred taxation for the year or at the balance sheet date.

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23. CREDITORS AND ACCRUED CHARGES

The ageing analysis of the trade creditors of HK\$14,338,000 (1999: HK\$34,724,000) which are included in the Group's creditors and accrued charges are as follows:

	2000 HK\$'000	1999 HK\$'000
0 – 30 days	12,827	30,769
31 – 60 days	1,335	3,500
61 – 90 days	168	102
91 – 120 days	2	182
121 – 365 days	6	171
	<u>14,338</u>	<u>34,724</u>

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

24. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
The bank borrowings, which are all due within one year, comprise:				
Bank loans and overdrafts				
Secured	17,782	17,381	–	–
Unsecured	<u>127,672</u>	<u>125,964</u>	<u>10,000</u>	<u>–</u>
	<u>145,454</u>	<u>143,345</u>	<u>10,000</u>	<u>–</u>

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25. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Profit before taxation	48,208	85,669
Share of loss of associates	850	—
Amortisation of premium arising on acquisition of an associate	3,022	—
Unrealised loss (gain) on investments in securities	16,927	(39,231)
(Surplus) deficit arising on revaluation of investment properties	(1,354)	23,402
Interest income from bank deposits	(7,824)	(7,285)
Interest expenses	12,602	6,746
Depreciation and amortisation	3,403	3,507
Dividend income from an unlisted investment	(228)	(94)
Gain on disposal of property, plant and equipment	(32)	(1,552)
Decrease (increase) in inventories	13,550	(2,181)
Decrease (increase) in debtors, deposits and prepayments	11,917	(5,933)
Increase in bills receivable	(4,685)	(2,416)
Increase in other investments	(17,850)	(51,722)
(Decrease) increase in creditors and accrued charges	(23,178)	3,066
Increase (decrease) in bills payable	1,557	(1,327)
NET CASH INFLOW FROM OPERATING ACTIVITIES	56,885	10,649

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>
Balance at 1st January, 1999	3,362	33,027
Currency realignment	—	9
Repayment of bank loans	(3,362)	—
Minority interests in the profit of subsidiaries	—	827
Dividends paid to minority shareholders of subsidiaries	—	(5,320)
Balance at 31st December, 1999	—	28,543
Currency realignment	—	(256)
Minority interests in the profit of subsidiaries	—	1,384
Dividends paid to minority shareholders of subsidiaries	—	(1,154)
Amount repaid to minority shareholder of a subsidiary	—	(1,260)
Balance at 31st December, 2000	—	27,257

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KEE SHING
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27. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2000 HK\$'000	1999 HK\$'000
Short term bank deposits	66,099	103,238
Bank balances and cash	96,706	37,655
Bank loans and overdrafts	(145,454)	(143,345)
	<u>17,351</u>	<u>(2,452)</u>

28. MAJOR NON CASH TRANSACTION

During the year, the Group's investment securities amounting to HK\$55,000,000 (1999 : nil) was reclassified as interests in associates.

29. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group and the Company were committed to pay the following amounts within one year in respect of rented premises under non-cancellable operating leases which expire:

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Within one year	1,079	217	338	60
In the second to fifth year inclusive	<u>262</u>	<u>1,698</u>	<u>360</u>	<u>688</u>
	<u>1,341</u>	<u>1,915</u>	<u>698</u>	<u>748</u>

30. CONTINGENT LIABILITIES

	THE COMPANY	
	2000 HK\$'000	1999 HK\$'000
Extent of banking facilities utilised by subsidiaries in respect of which guarantees were given to banks by the Company	<u>147,560</u>	<u>131,392</u>

31. PLEDGE OF ASSETS

At 31st December, 2000, certain leasehold properties and investments in securities with aggregate carrying values of HK\$7,967,000 (1999: HK\$8,457,000) and HK\$45,498,000 (1999: HK\$46,635,000), respectively, were pledged to banks to secure banking facilities granted to the Group.

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32. SUBSIDIARIES

Particulars of the subsidiaries at 31st December, 2000 are as follows:

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

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

32. SUBSIDIARIES – continued

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

Notes to the Financial Statements

KEE SHING
(HOLDINGS) LIMITED

For the year ended 31st December, 2000

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32. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/registered and fully paid capital		Percentage of issued/ registered capital held by the Company	Principal activities
			Ordinary	Non-voting preferred (note)		
Klendo Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90*	Property investment
KSIP (Singapore) Pte. Ltd.	Republic of Singapore	Republic of Singapore	S\$1,000,000	–	51	Trading in electroplating chemicals and metal plating products
Pacific Apex International Limited	Hong Kong	Hong Kong	HK\$10,000	–	100*	Investment holding
Pacific Wide Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90	Property investment
Pakwell Investment Limited	Hong Kong	Hong Kong	HK\$10,000	–	55*	Inactive
Sam Wing International Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$200	HK\$2,160,000	100*	Trading in chemicals
Sam Wing Resources, Inc.	United States of America	United States of America	US\$1,000	–	55	Trading in machinery and equipment
Sam Wing Resources Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$3,000,000	–	55*	Trading in machinery and equipment
Sure Glory Ventures, Inc.	British Virgin Islands	Australia	US\$2	–	100*	Investment holding

Notes to the Financial Statements

For the year ended 31st December, 2000

KEE SHING
(HOLDINGS) LIMITED

32. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/registered and fully paid capital		Percentage of issued/ registered capital held by the Company		Principal activities
			Ordinary	Non-voting preferred (note)		%	
Topbase Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90		Property investment
Top Image Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90		Property investment
Trendex Investment Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	100*		Property investment
Union Channel Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90		Property investment
Union Crown Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90		Property investment
Unitech Development (Far East) Inc. Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$2	–	55		Inactive
Winbase Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	–	90		Property investment

* Directly held by the Company

None of the subsidiaries had any loan capital subsisting at 31st December, 2000 or at any time during the year.

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

Particulars of Investment Properties

KEE SHING
(HOLDINGS) LIMITED

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

Particulars of Investment Properties

KEE SHING
(HOLDINGS) LIMITED

LOCATION	TYPE	LEASE TERM
3B, 10D, 12E, 15C, 17C, 17D, 22D, 23D, 25D, 25F, 27C, 27F, 28C, 30D, 33D, 33F of Huali Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease
4B, 7B, 7F, 27C, 33E of Huaying Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease
5B, 8B, 9C, 9D, 10D, 11C, 12D, 24C, 33E, of Huaxin Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai, People's Republic of China	Residential	Long lease