

On behalf of the Board of Directors, I am pleased to announce the unaudited interim results of the Group for the first six months ended 30th June, 2001. The Group's audit committee and the Group's auditor, Deloitte Touche Tohmatsu, have reviewed the interim results.

Consolidated profit attributed to shareholders amounted to HK\$8.9 million for the six months ended 30th June, 2001. This represented a decrease of 59.4% as compared with the corresponding period of 2000. Earning per share fell by 2.9 cents to 2 cents. Profit decline was the result of sales reduction suffered from global economic slowdown and net loss of HK\$11.3 million which was due to the decline in values of marketable securities investment as at 30th June, 2001. The Board of Directors have resolved to declare an interim dividend of 1.0 cent per share (2000: 2.0 cents per share) to shareholders.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

	NOTES	Six months ended 30/6/2001 HK\$'000 (unaudited)	Six months ended 30/6/2000 HK\$'000 (unaudited)
Turnover	3	449,763	537,902
Other revenue	4	4,403	9,535
Changes in inventories of finished goods		(6,796)	2,101
Purchase of goods held for resale		(394,406)	(483,489)
Raw materials and consumables used		(1,809)	(3,525)
Staff costs		(9,445)	(10,602)
Depreciation and amortisation		(1,523)	(1,684)
Other operating expenses		(12,787)	(18,007)
Amortisation of premium arising on acquisition of an associate		(1,511)	—
Net realised (loss) gain and unrealised loss on other investments		(11,259)	645
Profit from operations	3	14,630	32,876
Finance costs	5	(3,437)	(6,586)
		11,193	26,290
Share of profit (loss) of associates		1,380	(771)
Profit before taxation		12,573	25,519
Taxation	6	(2,958)	(2,277)
Profit before minority interests		9,615	23,242
Minority interests		(730)	(1,334)
Net profit for the period		8,885	21,908
Dividend	7	13,365	17,820
Earnings per share	8	2.0 cents	4.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2001

	NOTES	30/6/2001 HK\$'000 (unaudited)	(Restated) 31/12/2000 HK\$'000 (audited)
ASSETS			
Non-current Assets			
Investment properties	9	220,146	220,146
Property, plant and equipment	10	40,065	41,751
Interests in associates	11	51,484	51,880
Investments in securities	12	17,840	10,040
		<u>329,535</u>	<u>323,817</u>
Current Assets			
Inventories	13	33,156	40,849
Debtors, deposits and prepayments	14	85,924	92,735
Bills receivable		18,107	17,521
Taxation recoverable		110	180
Investments in securities	12	155,997	157,391
Short term bank deposits		85,027	66,099
Bank balances and cash		58,676	96,706
		<u>436,997</u>	<u>471,481</u>
Total Assets		<u><u>766,532</u></u>	<u><u>795,298</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	15	22,275	22,275
Reserves	16	552,761	558,891
		<u>575,036</u>	<u>581,166</u>
Minority Interests		<u>15,524</u>	<u>16,700</u>
Non-current Liability			
Amount due to minority shareholder of a subsidiary		<u>10,557</u>	<u>10,557</u>
Current Liabilities			
Creditors and accrued charges	17	50,895	36,666
Bills payable		—	2,106
Taxation payable		3,744	2,649
Bank borrowings	18	110,776	145,454
		<u>165,415</u>	<u>186,875</u>
Total Equity and Liabilities		<u><u>766,532</u></u>	<u><u>795,298</u></u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES
 FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

	Six months ended 30/6/2001 HK\$'000 (unaudited)
Exchange differences arising on translation of overseas operations	(1,421)
Share of reserves of an associate:	
— Capital reserve	(191)
— Investment property revaluation reserve	(151)
— Property revaluation reserve	(69)
— Exchange reserve	(46)
— Retained profits	193
	<u>(264)</u>
Net losses not recognised in the condensed consolidated income statement	(1,685)
Net profit for the period	<u>8,885</u>
Total recognised gains and losses	<u><u>7,200</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

	Six months ended 30/6/2001 HK\$'000 (unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	40,114
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(14,696)
CASH OUTFLOW FROM TAXATION	(1,751)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(8,044)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	15,623
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	17,351
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(47)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>32,927</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	
Short term bank deposits	85,027
Bank balances and cash	58,676
Bank loans and overdrafts	(110,776)
	<u><u>32,927</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), except that comparative figures are not presented either for the condensed consolidated statement of recognised gains and losses or for the first condensed consolidated cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted for the preparation of the interim financial report are consistent with those adopted by the Group in its annual financial statements for the year ended 31st December, 2000 except as described below.

In the current period, the Group has adopted, for the first time, the following revised or new SSAPs issued by the Hong Kong Society of Accountants:

Segment reporting

SSAP 26 “Segment reporting”, which has been adopted for the first time in this interim reporting period, has established principles for reporting the segmental analysis of financial information. The details are set out in note 3.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the balance sheet date” dividends proposed or declared after the balance sheet date are not recognised as a liability in the balance sheet. In previous years, the declaration of dividends after the balance sheet date was treated as an adjusting post balance sheet event. The effect of this change has been to increase shareholders’ funds at 1st January, 2000 and 31st December, 2000 by HK\$17,820,000 and HK\$13,365,000 respectively. Comparative information has been restated to reflect this change in accounting policy (See note 16).

Provisions

In accordance with SSAP 28 “Provisions, contingent liabilities and contingent assets”, provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Goodwill

In the current period, the Group has adopted SSAP 30 “Business combinations” and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st January, 2001 will be credited to income at the time of disposal of the relevant subsidiary.

4. OTHER REVENUE

Other revenue comprises:

	Six months ended 30/6/2001 HK\$'000	Six months ended 30/6/2000 HK\$'000
Interest income from bank deposits	3,554	3,757
Sundry income	791	5,677
Dividend income from an unlisted investment	58	101
	<u>4,403</u>	<u>9,535</u>

5. FINANCE COSTS

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

6. TAXATION

	Six months ended 30/6/2001 HK\$'000	Six months ended 30/6/2000 HK\$'000
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	1,780	1,546
Profits tax outside Hong Kong	1,177	731
	<u>2,957</u>	<u>2,277</u>
Share of taxation attributable to associates	<u>1</u>	<u>—</u>
	<u>2,958</u>	<u>2,277</u>

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

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

7. DIVIDEND

	Six months ended 30/6/2001 HK\$'000	Six months ended 30/6/2000 HK\$'000
Final dividend in respect of year ended 31st December, 2000 at 3 cents (year ended 31st December, 1999: 4 cents) per ordinary share	<u>13,365</u>	<u>17,820</u>

8. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the period of HK\$8,885,000 (six months ended 30/6/2000: HK\$21,908,000) and on 445,500,000 ordinary shares (six months ended 30/6/2000: 445,500,000 ordinary shares) in issue during the period.

9. INVESTMENT PROPERTIES

As SSAP 25 does not require an enterprise to arrange for a revaluation to be made by professional qualified valuers on revalued assets held at the interim period end, accordingly, no professional valuation has been performed in respect of the Group's investment properties as at 30th June, 2001. However, the directors consider that the values of the investment properties as at 30th June, 2001 would not differ materially from the professional valuation made as at 31st December, 2000 and, accordingly, no revaluation surplus or deficit has been recognised in the current period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2001, the Group has no material acquisition or disposal of property, plant and equipment.

11. INTERESTS IN ASSOCIATES

	30/6/2001 HK\$'000	31/12/2000 HK\$'000
Share of net assets	25,799	24,684
Premium arising on acquisition	30,218	30,218
Amortisation of premium	<u>(4,533)</u>	<u>(3,022)</u>
	<u>51,484</u>	<u>51,880</u>

12. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	30/6/2001 HK\$'000	31/12/2000 HK\$'000	30/6/2001 HK\$'000	31/12/2000 HK\$'000	30/6/2001 HK\$'000	31/12/2000 HK\$'000
Equity securities:						
Listed — Hong Kong	—	—	111,068	122,857	111,068	122,857
Listed — overseas	3,132	3,132	8,766	7,115	11,898	10,247
Unlisted	11,007	3,207	23,315	18,444	34,322	21,651
	<u>14,139</u>	<u>6,339</u>	<u>143,149</u>	<u>148,416</u>	<u>157,288</u>	<u>154,755</u>
Debt securities:						
Listed — overseas	—	—	16,549	12,676	16,549	12,676
Total securities:						
Listed	3,132	3,132	136,383	142,648	139,515	145,780
Unlisted	11,007	3,207	23,315	18,444	34,322	21,651
	<u>14,139</u>	<u>6,339</u>	<u>159,698</u>	<u>161,092</u>	<u>173,837</u>	<u>167,431</u>
Market value of listed securities	<u>3,175</u>	<u>3,432</u>	<u>136,383</u>	<u>142,648</u>	<u>139,558</u>	<u>146,080</u>
Carrying amount analysed for reporting purposes as:						
Non-current	14,139	6,339	3,701	3,701	17,840	10,040
Current	—	—	155,997	157,391	155,997	157,391
	<u>14,139</u>	<u>6,339</u>	<u>159,698</u>	<u>161,092</u>	<u>173,837</u>	<u>167,431</u>

13. INVENTORIES

Included in inventories are finished goods of HK\$11,829,000 (31/12/2000: HK\$9,283,000) carried at net realisable value.

14. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from cash on delivery to 120 days to its trade debtors. The aging analysis of trade debtors of HK\$69,767,000 (31/12/2000: HK\$81,023,000) which are included in the Group's debtors, deposits and prepayments are as follows:

	30/6/2001 HK\$'000	31/12/2000 HK\$'000
0 — 30 days	31,819	37,412
31 — 60 days	23,207	24,665
61 — 90 days	11,808	12,628
91 — 120 days	2,164	3,965
121 — 365 days	769	2,353
	<u>69,767</u>	<u>81,023</u>

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At 30th June, 2001 and 31st December, 2000	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At 30th June, 2001 and 31st December, 2000	<u>445,500,000</u>	<u>22,275</u>

16. 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, 2000							
— as previously stated	153,728	26,090	5,280	15,440	1,515	321,166	523,219
— prior year adjustment (note 2)	—	—	—	—	—	17,820	17,820
— as restated	153,728	26,090	5,280	15,440	1,515	338,986	541,039
Exchange differences arising on translation of overseas operations	—	—	—	—	379	—	379
Share of reserves of an associate	—	191	302	—	(168)	—	325
Net profit for the year	—	—	—	—	—	43,878	43,878
Dividends paid	—	—	—	—	—	(26,730)	(26,730)
At 31st December, 2000	153,728	26,281	5,582	15,440	1,726	356,134	558,891
Exchange differences arising on translation of overseas operations	—	—	—	—	(1,421)	—	(1,421)
Share of reserves of an associate	—	(191)	(151)	(69)	(46)	193	(264)
Goodwill released on disposal of a subsidiary	—	35	—	—	—	—	35
Net profit for the period	—	—	—	—	—	8,885	8,885
Dividend paid	—	—	—	—	—	(13,365)	(13,365)
At 30th June, 2001	<u>153,728</u>	<u>26,125</u>	<u>5,431</u>	<u>15,371</u>	<u>259</u>	<u>351,847</u>	<u>552,761</u>

17. CREDITORS AND ACCRUED CHARGES

The aging analysis of the trade creditors of HK\$30,101,000 (31/12/2000: HK\$14,338,000) which are included in the Group's creditors and accrued charges are as follows:

	30/6/2001 HK\$'000	31/12/2000 HK\$'000
0 — 30 days	21,572	12,827
31 — 60 days	8,130	1,335
61 — 90 days	348	168
91 — 120 days	51	2
121 — 365 days	—	6
	<u>30,101</u>	<u>14,338</u>

18. BANK BORROWINGS

	30/6/2001 HK\$'000	31/12/2000 <i>HK\$'000</i>
The bank borrowings, which are all due within one year, comprise:		
Bank loans and overdrafts		
Secured	4,410	17,782
Unsecured	106,366	127,672
	<u>110,776</u>	<u>145,454</u>

19. PLEDGE OF ASSETS

At 30th June, 2001, certain leasehold properties and investments in securities with aggregate carrying values of HK\$7,498,000 (31/12/2000: HK\$7,967,000) and HK\$39,561,000 (31/12/2000: HK\$45,498,000), respectively, were pledged to banks to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Trading Division

During the first half year of 2001, the global economic slowdown had undermined the demand of trading metals and chemicals in the Southeast Asian region. Total turnover dropped by 16.4% in the first half year of 2001 compared with the corresponding period in 2000. Significant fall in demand, particularly from the electronics and computer related industries, intensified competition and drove prices downwards. Faced with pressure on both prices and volumes, profitability decreased by 11.9%. Profit margin, however, sustained benefiting from the successive interest rate cut during the period and the improvement from purchasing system and inventory control.

Electroplating Materials and Chemicals

Total turnover of electroplating materials and chemicals fell by 17.4% to HK\$386.2 million for the first six months ended 30 June, 2001, as compared with the corresponding period in the previous year. The weakening economies shrank demand for metal from most factories among Asian countries. Prices were pressured down due to fall in market prices during the period together with fierce price competition among rivals. Our business in Taiwan was worst hit by our customers' concentration in computer-related and mobile phones-related industries, and suffered further from the depreciation of New Taiwanese dollars. Sales in Mainland China had robust growth during the period, albeit sign of slowdown started to be noticed at the end of June. Improvement in cost efficient management had taken effects towards depressing sales that helped to increase profitability against price competition.

Paint and Coating Chemicals

Sales of paint and coating chemicals in Mainland China declined by 3.9% for the first six months ended 30 June, 2001. Global over-production with fall in demand led abundant supply in Mainland China, eyeing on its persistent growth in the past years. Despite difficult market with fall in prices and volume of major chemical products, sales of other new chemical products introduced in the market in previous years grew at satisfactory pace and stringent cost controlling reduced the impact of declining profitability.

Stainless Steel

With sluggish demand in watch industries especially those export to the U.S. market, total sales decreased significantly during the first half-year in 2001. Market price of stainless steel continuously fell till the end of June as slow demand created stockpiling in global market. Turnover of stainless steel for the first half-year in 2001 was down by 8.3% compared with same period in 2000. A loss was incurred for the period ended 30 June, 2001.

Property Investment Division

Total rental income received for the first half-year of 2001 remained stable compared to that received for the corresponding period in 2000. Office properties in Hong Kong were almost fully occupied during the period but rental prices had adjusted downward by about 5% as compared with same period in 2000.

Overall office rental market in Shanghai is in a stage of recovery after severe contraction in 1999. Demand in Grade A offices in major commercial and financial districts had raised rental level by more than 35% from its trough. Existing lease terms of the Group's two office properties in Shanghai will expire in the first half-year next year. Negotiation of renewal terms with tenants has begun.

Residential market in Shanghai remained flat during the first half-year in 2001. In the past years, more and more local-owned residential properties were built and sold in Shanghai, but only limited to local Chinese under the rules of the government. Increased supply of local-owned residential properties had put price pressure on rental market, especially to those properties that were limited to be sold to foreigners. As rental disparity between local-owned and foreign-owned residential properties had almost eliminated last year, a minor impact is expected after China government has united the scheme of local-owned and foreign-owned residential properties with effect from 1st August, 2001. Total occupancy rate in the first six month of 2001 reached to 97%. Average month rental per unit during the period, however, dropped by 21.8% compared with the same period in 2000.

Securities Investment Division

Market value of the securities portfolio increased from HK\$159.8 million as at 31st December, 2000 to HK\$165.8 million as at 30th June, 2001.

An analysis of the portfolio by type of securities as at 30th June, 2001 is as below:

	Market Value of Investment <i>HK\$'000</i>	Distribution in Percentage
Equities	119,834	72.3%
Bonds	16,549	10.0%
Unit Funds	29,415	17.7%

Financed as to (as at 30th June, 2001) 95.1% by Group's own cash fund and 4.9% by Bank borrowings.

An analysis of the portfolio by currency denomination as at 30th June, 2001 is as follows:

HK Dollar	US Dollar	Euro	JP Yen	SGP Dollar
67.0%	26.5%	1.9%	4.0%	0.6%

Performance of the securities portfolio for the first six months of 2001 was not satisfactory because of the lackluster global market environment. During the period, the Group made additional purchases of HK\$23.8 million mainly on unit funds and bonds. An unrealized loss of HK\$11.6 million due to decline in value of securities, mainly equities, holding as at 30th June, 2001 was recorded. Interest and dividend income generated from the portfolio for the six months ended 30th June, 2001 accounted for HK\$4.4 million in total. We believe that the markets are close to bottoming out and will closely scrutinise market movement and take conservative approach in managing the portfolio.

EMPLOYEES

The Group employed a staff of 94 as at 30th June, 2001, of whom 62 worked in Hong Kong, 12 worked in Mainland China and 20 worked overseas. This represented a decrease of 8 staff when compared with that of 102 as at 31st December, 2000 mainly due to cessation of business of one of our subsidiaries. Salaries of employees stayed at competitive level. The Group also offered benefits to employees with bonuses given based on individual's performance evaluation and financial performance of the business during the year. The Group regularly encouraged employees to take external courses to improve their job-related skill and advance their professional knowledge.

FINANCIAL REVIEW

The Group's total shareholders' fund amounted to HK\$575.0 million as at 30th June, 2001. This represented an insignificant drop of 1% when compared to the amount as at 31st December, 2000.

As at 30th June, 2001, the Group held cash deposit totaling HK\$143.7 million, a decrease of HK\$19.1 million compared with total cash held as at 31st December, 2000. The decrease in cash was mainly used to invest in securities during the period. Total bank borrowings as at 30th June, 2001, which were all due within a year, was HK\$110.8 million. Compared with net cash position of HK\$17.3 million as at 31st December, 2000, net cash position as at 30th June, 2001 was HK\$32.9 million. The Group's gearing ratio, representing total bank borrowings divided by shareholders' fund, was 0.19 as at 30th June, 2001.

As at 30th June, 2001, all bank borrowings were in forms of trust receipts and money market loans. Currencies distribution of the Group's bank borrowings as at 30th June, 2001 was 76.0% in Hong Kong Dollars, 17.2% in U.S. Dollars and 6.8% in Japanese Yen respectively. All borrowings were based on floating rate. Interest rate charged on total borrowings during the six months accounted within a range of 4.7% p.a. to 6.0% p.a. on a monthly average basis. Interest expense for the first six months ended 30th June, 2001 was HK\$3.4 million, representing a decrease of 47.8% as compared with HK\$6.6 million for the first six months ended 30th June, 2000.

During the first six months ended 30th June, 2001, transactions made by the Group were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, British Sterling, Reminbi, Singapore Dollars and New Taiwanese Dollars. The Group used forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate. Total outstanding forward exchange contracts as at 30th June, 2001 which would expire within 3 months amounted to US\$300,000.

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

PROSPECTS

We believe that the global economic slowdown will persist in the near future and overall trading business will continuously to be adversely affected. The Group will focus on stringent cost control to consolidate our established market position. With the assistance of further lowering in interest rates, we have confidence to combat such tough environment in the coming future. Our property investment business is expected to be relatively stable in the coming months while management's attitude towards securities investment remains conservative. We consider that the best strategy for the Group is to stay financially sound and remain focus on our core business.

INTERIM DIVIDEND

Interim dividend of 1.0 cent per share (2000: 2.0 cents per share) has been declared payable on or before 28th September, 2001 to shareholders whose names appear on the register of members of the Company on 26th September, 2001. The register of members of the Company will be closed from 21st September, 2001 to 26th September, 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company share register, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 20th September, 2001.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months to 30th June, 2001.

DIRECTORS' INTEREST IN SHARES

As at 30th June, 2001, 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	—	—
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 30th June, 2001 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 Hin Hing, Stephen	2,000
Sam Wing International Limited	Leung Shu Wing	19,440

Save as disclosed above, at 30th June, 2001, none of the directors or their associates had any interests in the securities of the Company or any of its subsidiaries or associated corporation as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2001, the register of substantial shareholders maintained under Section 16 (1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the Company was not notified of any interests representing 10% or more of the Company's issued share capital.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not or was not for any part of the six months ended 30th June, 2001, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the listing of Securities issued by The Stock Exchange of Hong Kong Limited.

By Order of the Board
Leung Shu Wing
 Chairman

Hong Kong, 31st August, 2001

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF KEE SHING (HOLDINGS) LIMITED**
(incorporated in Hong Kong with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 11.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. However, the Listing Rules permit departure from SSAP 25 in that comparative figures are not required either for the condensed consolidated statement of recognized gains and losses or for the first condensed consolidated cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1st July, 2000. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

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

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2001.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement for the six months ended 30th June, 2000 disclosed in the interim financial report has not been reviewed in accordance with SAS 700.

Deloitte Touche Tohmatsu
Certified Public Accountants
31st August, 2001