

The logo consists of the letters 'KSH' in a bold, white, sans-serif font, centered within a dark brown rectangular box. A thin, light blue horizontal line is positioned directly below the box.

KSH

Kee Shing (Holdings) Limited
奇盛(集團)有限公司

Incorporated in Hong Kong with limited liability
Stock Code : 174

Interim Report 2008

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

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

Non-Executive Director

Yuen Tin Fan, Francis

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Wong Choi Ying

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

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

SHARE REGISTRARS

Tricor Standard Limited
 26th Floor, Tesbury Centre
 28 Queen's Road East
 Wanchai, Hong Kong

REGISTERED OFFICE

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

FINANCIAL HIGHLIGHT

	Six months ended 30th June		Year ended 31st December
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2007 HK\$'000 (Audited)
Turnover	1,067,062	1,464,657	2,771,092
Profit before taxation	22,118	66,697	111,709
Profit Attributable to Company's Shareholders	13,792	49,013	94,976
Total Borrowings	409,260	532,236	425,989
Shareholders' Fund of equity holders of the parent	<u>672,897</u>	<u>634,821</u>	<u>664,809</u>
Net Cash Inflow/(Outflow) before Financing	94,719	(28,342)	100,282
Net Cash (Outflow)/Inflow from Financing	(55,485)	2,203	(135,825)
Capital Expenditure	<u>1,076</u>	<u>108</u>	<u>836</u>
Earnings Per share (basic – HK cents) ¹	3.1¢	11.0¢	21.3¢
Dividend Per Share	6.0¢	6.0¢	10.0¢
Equity attributable to Company's Shareholders per share	<u>HK\$1.51</u>	<u>HK\$1.42</u>	<u>HK\$1.49</u>
Interest Cover (times) ²	4.32x	6.22x	5.24x
Dividend Cover (times) ³	<u>0.52x</u>	<u>1.83x</u>	<u>2.14x</u>

Note:

1. Earning per shares is calculated by dividing profit attributable to shareholders by 445,500,000 shares in issue during 30th June, 2008 (30th June, 2008 and 31st December, 2007: 445,500,000 shares)
2. Interest cover is calculated by dividing profit before taxation and finance costs by finance costs.
3. Dividend cover is calculated by dividing Earning Per Share by Dividend Per Share.

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

Profit attributable to the Group's shareholders for the first six months ended 30th June, 2008 was reported at HK\$13.79 million, representing a decline of 71.9% when compared with HK\$49.01 million for the same period ended 30th June, 2007. The decline was primarily due to the fall in operation profits from trading sector and unrealized loss of the Group's investment portfolio resulted from deterioration of global financial markets.

The Directors of the Board has today declared an interim dividend of HK2.5cents per share (Interim Dividend of 2007: HK 4.0 cent per share), payable on or before 24th October, 2008 to shareholders who are registered as such at the close of business on 17th October, 2008. The share register will be closed from 14th October, 2008 to 17th October, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 13th October, 2008.

BUSINESS REVIEW

Sales turnover on trading business was HK\$ 1,052.5 million, 27.6% lower than sales of HK\$ 1,452.9 million for the first six months of 2007. The fall in sales was a result of shrinking demand from China and other South-east Asian region. Customers reduced or postponed their purchases because of slowdown in export-demand from Western countries, in particular of the U.S., as well as consideration of decline in certain raw material prices. Volatile metal prices also led to a negative impact of operating profitability during the first half year. External economic slowdown, together with rising production cost and Renminbi appreciation, had brought significant adversity to export-oriented manufacturers located in China during the first six months of 2008. In view of that, the Group reduced purchases from suppliers with anticipation of meeting actual demand from the markets. In addition, global credit tightening heightened the risk of financial credibility among various industrial sectors under adverse market conditions. The Group continued to focus risk exposure of credit extended to customers to be our priority of business strategy.

Benefited from appreciation of Renminbi and robust in rental demand of Shanghai office properties, rental income contributed from property investment increased by 29.5% to HK\$11.4 million. During the first six months of 2008, we continued to sell Shanghai's residential flat units. During the period under review, 4 flat units were sold and another 4 flat units were sold after June 2008. Shanghai and Hong Kong office prices remained buoyant during the period under review due to low vacancies and strong demand from foreign and local corporations.

Faced with the most turmoil financial markets for decades, we were not exempted from worsening economic condition and incurred loss of HK\$ 16.7 million from securities markets. With diversified investment strategy, we managed to minimize the suffering from such challenging environment, although it was difficult to ward off completely. Amid current difficult market condition, fear of inflation and other uncertainties, risk aversion among investors is expected to rise across the globe. With more comprehensive examination of global financial condition and economic environment, the Group will continue to modify composition of the securities portfolio so as to mitigate the impact of astonishing volatility derived from current market turbulence.

CORPORATE GOVERNANCE

In accordance with the standards set on the governance requirements and best practices introduced by the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited, the Company has complied with the Codes of Corporate Governance Practices throughout the accounting period ended June 30th, 2008.

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

For the accounting period ended June 30th, 2008, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's Code of Conduct regarding Directors' securities transactions.

PROSPECTS

The outlook of economic condition remains uncertain in the second half year of 2008. Markets are highly unpredictable. The U.S. economy is expected to further weaken as the surge of foreclosures in housing markets dampens the credit availability among financial institutions. The recent rescue of Freddie Mac and Fannie Mae by the US government may offer some relief but only on a limited basis for the moment. In China, the rising value of Renminbi, combined with governmental administrative measures, compounded the difficulties faced by export-oriented manufacturers located in Southern and Eastern part of China coastline. The Group has endeavored to manage inventory level and credits extended to customers under such challenging economic conditions. Performance of rental market in Shanghai properties is expected to stay firm because of their prime locations. The Group still has an advantage of sound capital to withstand present hardship through this period of complex uncertainties. All staff in the Group will continue to work hard to manage the present market demand amid slowdown in economic growth across Asia.

Leung Shu Wing
Chairman

Hong Kong, 16th September, 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	NOTES	Six months ended 30.6.2008 HK\$'000 (unaudited)	Six months ended 30.6.2007 HK\$'000 (unaudited)
Turnover	4	1,067,062	1,464,657
Other income	5	5,107	3,440
Changes in inventories of finished goods		5,601	(19,703)
Purchases of goods held for resale		(1,005,435)	(1,356,312)
Raw materials and consumables used		(20,789)	(16,725)
Staff costs		(12,881)	(12,764)
Depreciation		(952)	(1,281)
Other expenses		(17,037)	(13,425)
(Loss) gain arising from changes in fair value of investments held for trading		(16,905)	5,165
Write-down of inventories		(9,012)	(7,400)
Loss on disposal of available-for-sale investments		(20)	-
Gain arising from change in fair value of foreign exchange yield linked deposit		238	319
Gain arising from changes in fair value of investment properties		33,794	33,506
Finance costs	6	<u>(6,653)</u>	<u>(12,780)</u>
Profit before taxation		22,118	66,697
Income tax expense	7	<u>(5,359)</u>	<u>(13,342)</u>
Profit for the period		<u>16,759</u>	<u>53,355</u>
Attributable to:			
Equity holders of the Company		13,792	49,013
Minority interests		<u>2,967</u>	<u>4,342</u>
		<u>16,759</u>	<u>53,355</u>
Dividend	8	<u>26,730</u>	<u>26,730</u>
Earnings per share – basic	9	<u>3.1 HK cents</u>	<u>11.0 HK cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2008

	NOTES	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
Non-current Assets			
Investment properties	10	365,291	320,406
Property, plant and equipment		29,416	28,890
Interest in an associate	11	453	453
Available-for-sale investment		-	15,487
Foreign exchange yield linked deposit	12	8,895	8,657
		<u>404,055</u>	<u>373,893</u>
Current Assets			
Inventories		218,336	221,734
Debtors, deposits and prepayments	13	194,541	228,035
Bills receivable		6,403	24,914
Investments held for trading		185,932	208,882
Taxation recoverable		6,780	4,837
Short term bank deposits		71,820	28,645
Bank balances and cash		106,911	107,824
		<u>790,723</u>	<u>824,871</u>
Current Liabilities			
Creditors and accrued charges	14	51,155	50,857
Amounts due to minority shareholders of subsidiaries		6,446	9,588
Taxation payable		740	2,280
Bank borrowings	15	408,226	425,989
Bank overdrafts		1,034	-
		<u>467,601</u>	<u>488,714</u>
Net Current Assets		<u>323,122</u>	<u>336,157</u>
Total Assets Less Current Liabilities		<u>727,177</u>	<u>710,050</u>
Capital and Reserves			
Share capital	16	22,275	22,275
Reserves		650,622	642,534
Equity attributable to equity holders of the Company		672,897	664,809
Minority interests		34,922	30,055
Total Equity		<u>707,819</u>	<u>694,864</u>
Non-current Liabilities			
Deferred tax liabilities		19,358	15,186
		<u>727,177</u>	<u>710,050</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	Attributable to equity holders of the Company							Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1st January, 2007	22,275	153,728	18,840	(1,342)	2,941	415,292	611,734	22,731	634,465
Gain on structured bank deposits	-	-	-	44	-	-	44	-	44
Exchange differences arising on translation of overseas operations	-	-	-	-	760	-	760	118	878
Net income recognised directly in equity	-	-	-	44	760	-	804	118	922
Profit for the period	-	-	-	-	-	49,013	49,013	4,342	53,355
Total recognised income for the period	-	-	-	44	760	49,013	49,817	4,460	54,277
Dividends paid	-	-	-	-	-	(26,730)	(26,730)	(309)	(27,039)
At 30th June, 2007	22,275	153,728	18,840	(1,298)	3,701	437,575	634,821	26,882	661,703
At 1st January, 2008	22,275	153,728	18,840	(113)	4,363	465,716	664,809	30,055	694,864
Exchange differences arising on translation of overseas operations	-	-	-	-	20,913	-	20,913	2,321	23,234
Gain on structured bank deposits	-	-	-	93	-	-	93	-	93
Net income recognised directly in equity	-	-	-	93	20,913	-	21,006	2,321	23,327
Profit for the period	-	-	-	-	-	13,792	13,792	2,967	16,759
Release on disposal of structured bank deposits	-	-	-	20	-	-	20	-	20
Total recognised income for the period	-	-	-	113	20,913	13,792	34,818	5,288	40,106
Dividends paid	-	-	-	-	-	(26,730)	(26,730)	(421)	(27,151)
At 30th June, 2008	22,275	153,728	18,840	-	25,276	452,778	672,897	34,922	707,819

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	Six months ended 30.6.2008 HK\$'000 (unaudited)	Six months ended 30.6.2007 HK\$'000 (unaudited)
Net cash from (used in) operating activities	69,781	(26,056)
Investing activities		
Purchase of foreign exchange yield linked deposit	-	(7,810)
Proceeds from disposal of available-for-sale investments	15,580	-
Proceeds from disposal of investment properties	9,230	-
Interest income received	1,195	2,062
Other investing activities	(1,067)	3,462
Net cash from (used in) investing activities	24,938	(2,286)
Financing activities		
Net bank borrowings raised	-	42,842
Repayment of bank borrowings, net	(18,539)	-
Dividend paid	(26,730)	(26,730)
Interest expenses paid	(6,653)	(12,780)
Other financing activities	(3,563)	(1,129)
Net cash (used in) from financing activities	(55,485)	2,203
Net increase (decrease) in cash and cash equivalents	39,234	(26,139)
Cash and cash equivalents at beginning of the period	136,469	171,170
Effect of foreign exchange rate changes	1,994	280
Cash and cash equivalents at end of the period	177,697	145,311
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	71,820	39,090
Bank balances and cash	106,911	106,221
Bank overdrafts	(1,034)	-
	177,697	145,311

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1st January, 2008.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

3. POTENTIAL IMPACT ARISING ON THE NEW AND REVISED ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combination ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

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

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

³ Effective for annual periods beginning on or after 1st July, 2008

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

4. SEGMENT INFORMATION

The turnover and segment results of the Group for the six months ended 30th June, 2008, analysed by business segments which is the primary segment, are as follows:

For the six months ended 30th June, 2008

	Sales of chemicals and metals HK\$'000	Property investment HK\$'000	Securities investment HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidation HK\$'000
Turnover						
External sales	1,052,492	11,402	2,643	525	-	1,067,062
Inter-segment sales	-	855	-	-	(855)	-
Total turnover	<u>1,052,492</u>	<u>12,257</u>	<u>2,643</u>	<u>525</u>	<u>(855)</u>	<u>1,067,062</u>
Segment result	<u>3,666</u>	<u>40,748</u>	<u>(14,616)</u>	<u>19</u>	<u>-</u>	<u>29,817</u>
Interest income from bank deposits and structured bank deposits	-	-	-	-	-	1,195
Unallocated other income	-	-	-	-	-	3,912
Unallocated corporate expenses	-	-	-	-	-	(6,153)
Finance costs	-	-	-	-	-	(6,653)
Profit before taxation						22,118
Income tax expense						(5,359)
Profit for the period						<u>16,759</u>

For the six months ended 30th June, 2007

	Sales of chemicals and metals HK\$'000	Property investment HK\$'000	Securities investment HK\$'000	Other activities HK\$'000	Eliminations HK\$'000	Consolidation HK\$'000
Turnover						
External sales	1,452,936	8,813	2,462	446	-	1,464,657
Inter-segment sales	-	317	-	-	(317)	-
Total turnover	<u>1,452,936</u>	<u>9,130</u>	<u>2,462</u>	<u>446</u>	<u>(317)</u>	<u>1,464,657</u>
Segment result	<u>35,258</u>	<u>39,430</u>	<u>8,078</u>	<u>49</u>	<u>-</u>	<u>82,815</u>
Interest income from bank deposits and structured bank deposits	-	-	-	-	-	2,062
Unallocated other income	-	-	-	-	-	1,378
Unallocated corporate expenses	-	-	-	-	-	(6,778)
Finance costs	-	-	-	-	-	(12,780)
Profit before taxation						66,697
Income tax expense						(13,342)
Profit for the period						<u>53,355</u>

Inter-segment transactions are charged at prevailing market rates.

5. OTHER INCOME

Included in other incomes is interest income from bank deposits and structured bank deposits of HK\$1,195,000 for the six months ended 30th June, 2008 (six months ended 30th June, 2007: HK\$2,062,000).

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

	Six months ended 30.6.2008 HK\$'000 (unaudited)	Six months ended 30.6.2007 HK\$'000 (unaudited)
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The tax charge comprises:

Current taxation		
Hong Kong Profits Tax	102	3,868
Profits tax outside Hong Kong	1,773	1,649
	<u>1,875</u>	<u>5,517</u>
Overprovision in prior year		
Hong Kong Profits Tax	(60)	-
	<u>1,815</u>	<u>5,517</u>
Deferred taxation		
Current period	3,720	5,251
Attributable to a change in tax rate	(176)	2,574
	<u>5,359</u>	<u>13,342</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30.6.2007: 17.5%) of the estimated assessable profit for the period. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th June, 2008.

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

On 16th March, 2007, the People's Republic of China ("PRC") promulgated the Law of PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of PRC. On 6th December, 2007, the State Council of the PRC issued implementation Regulations of the New Law. However, the New Law and the Implementation Regulations will have no material impact on the Group as its major operations are only subject to tax rate of 10% either based on existing tax laws or the New Law and the Implementation Regulations.

8. DIVIDEND

	Six months ended 30.6.2008 HK\$'000 (unaudited)	Six months ended 30.6.2007 HK\$'000 (unaudited)
Final dividend paid in respect of the year ended		
31st December, 2007 of 6 HK cents (2007: year ended		
31st December, 2006 of 6 HK cents) per ordinary share	<u>26,730</u>	<u>26,730</u>

Interim dividend of 2.5 cents per share, amounting to HK\$11,138,000, was approved by the board of directors on 16th September, 2008.

9. EARNINGS PER SHARE

The calculation of the earnings per share attributable to the equity holders of the Company is based on the profit attributable to the equity holders of the Company for the period of HK\$13,792,000 (six months ended 30.6.2007: HK\$49,013,000) and on 445,500,000 ordinary shares (six months ended 30.6.2007: 445,500,000 ordinary shares) in issue during the period.

10. INVESTMENT PROPERTIES

The fair value of the Group's investment properties located in Hong Kong, elsewhere in the PRC and Singapore as at 30th June, 2008 have been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The valuation report on the properties was signed by the directors of Knight Frank Petty Limited, who are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The revaluation of investment properties during the current period gave rise to a net gain arising from changes in fair value of HK\$33,794,000 (six months ended 30.6.2007: HK\$33,506,000), which has been recognised to the condensed consolidated income statement.

11. INTERESTS IN AN ASSOCIATE

	30.6.2008 HK\$'000 (unaudited)	31.12.2007 <i>HK\$'000</i> (audited)
Cost of unlisted investment	757	757
Share of post- acquisition losses	<u>(304)</u>	<u>(304)</u>
	<u>453</u>	<u>453</u>

12. FOREIGN EXCHANGE YIELD LINKED DEPOSIT

Foreign exchange yield linked deposit represents a principal protected foreign exchange yield differential accrual indexed deposit of US\$1 million with maturity date in March 2012. The deposit does not carry interest but its potential return is linked to the performance of yields of a basket of currencies. The linking to foreign exchange yield is considered to be non-closely related embedded derivative. Upon initial recognition, the deposit is designated as financial asset at fair value through profit and loss. The fair value as at the balance sheet date is based on the valuation amount provided by the counterparty financial institution.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from cash on delivery to 120 days to its trade debtors. The aged analysis of trade debtors of HK\$182,581,000 (31.12.2007: HK\$211,079,000) which are included in the Group's debtors, deposits and prepayments is as follows:

	30.6.2008 HK\$'000 (unaudited)	31.12.2007 <i>HK\$'000</i> (audited)
0 – 30 days	82,127	105,083
31 – 60 days	42,473	59,811
61 – 90 days	30,558	26,968
91 – 120 days	14,362	9,508
121 – 365 days	<u>13,061</u>	<u>9,709</u>
	<u>182,581</u>	<u>211,079</u>

14. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors of HK\$30,012,000 (31.12.2007: HK\$30,979,000) which are included in the Group's creditors and accrued charges is at follows:

	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
0 – 30 days	29,220	30,925
31 – 60 days	61	44
61 – 90 days	41	10
Over 90 days	690	–
	<u>30,012</u>	<u>30,979</u>

15. BANK BORROWINGS

	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
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The bank borrowings, which are due within one year, comprise:

Bank loans		
– secured (Note)	21,730	25,089
– unsecured	38,908	32,998
Trust receipt and import loans	347,588	367,902
	<u>408,226</u>	<u>425,989</u>

Note: The bank loans were secured by the Group's bank deposits, foreign exchange yield linked deposit, investments held for trading and leasehold land and buildings from time to time.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At 30th June, 2008 and 31st December, 2007	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At 30th June, 2008 and 31st December, 2007	<u>445,500,000</u>	<u>22,275</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Trading Division

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

	Turnover		Segment Results	
	Six months ended		Six months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Electroplating Materials and Chemicals	965,464	1,351,739	395	26,173
Paint and Coating Chemicals	63,371	69,406	2,763	3,858
Stainless Steel	23,657	31,791	508	5,227
Total	<u>1,052,492</u>	<u>1,452,936</u>	<u>3,666</u>	<u>35,258</u>

Electroplating Materials and Chemicals

Weak demand in Asian region and falling nickel price brought down overall turnover of the electroplating material segments by 28.6% for the six months ended June 30th, 2008 compared with the same period last year. Following global credit crunch since last August, global economic growth stridently slowed down in a great depth. Export demand of consumer goods was significantly withered with evidence of sharp fall of orders placing from exporters among Asian countries. Precipitous fall in nickel price from the beginning of the year not only reduced sales turnover but also trimmed down overall profitability. Demand was further deteriorated as Chinese government stringently restricted all business operations of those factories regarding as "high-pollution sources" starting from June this year.

Precious Metal Products

Total sales of precious metal products were dropped by more than 40% in quantities. Global demand on consumer goods, in particular of those exported to the U.S., slowed down significantly. The sharp rise on precious metal prices during the first half year further deterred buying appetite among customers. Price competition within the markets was very intense when precious metal prices ran their fast pace up to the peak. Starting from June, Chinese government progressively imposed restrictions on transportation, distribution and storage of a list of products regarding as "dangerous goods" within China region. Our precious metal products were included in the list. Although some customers increased their purchases before August with anticipation of comprehensive prohibition before the opening of the Beijing 2008 Summer Olympics, overall sales plummeted at the end of second quarter and early of third quarter.

Base Metal Products

Nickel price was extremely volatile in the first half year of 2008, mainly because of the slump in demand from stainless steel industry and weak economic conditions. Demand on electroplating copper in China and Taiwan also fell alongside with similar performance of other metal products. Most export-oriented manufacturers who based on Eastern and Southern Coast of China faced the hardest impact over the latest changes in global and local economic environment. During the period under review, exporters in China besieged to withstand faltering global demand, rising material and labor costs and a strong Chinese yuan. Together with tight monetary policy persistently implemented by the Chinese central government, some exporters changed the assembly of their product-mix. Some cut production lines and operated with limited resources. But many of them chose to close their business. As nickel continued to fall during the second quarter, we incurred a loss of write-down inventory amounting HK\$ 9.01 million at the end of June 30, 2008.

Paint and Coating Chemicals

Turnover dropped by 8.7% to HK\$ 63.4 million for the first six months of 2008 when compared with HK\$ 69.4 million for the first six months of 2007. As rising oil and coal prices persisted, together with escalating labor costs and Chinese yuan, paint-and-coating chemical users in China were suffering drastic cost pressures when facing domestic competition and sluggish export demand. Additional challenges was being tackled among chemical factories since June, in particular those located near Beijing and Shanghai area, as the Chinese central government strictly restricted inland transportation of goods classified as “dangerous” in many cities. In addition, the government ordered factories to cease operation for safety inspection before and during the period of Beijing 2008 Summer Olympics. Considering current tough market situation and restrictions imposed by the Chinese central government, the Group has reduced purchases from suppliers since the second quarter and introduced other new chemical products into different markets for application.

Stainless Steel

Sales of stainless steel decreased by 25.6% in the first half year of 2008 to HK\$23.7 million, when compared with HK\$ 31.8 million in the same period of 2007. As soaring energy prices and a property slump in major economies curb global consumption of stainless steel in a large extent, many steelmakers started to cut production since end of the first quarter, with anticipation of normalizing the supply and demand equilibrium. Amid sluggish demand worldwide, our major supplier resisted to cut prices citing problems of a weak dollar and buoyant raw material prices. In response, the Group reduced purchases to reflect the actual weak demand from domestic end-users. Domestic stainless-steel price crumpled and the weak sales trimmed down overall profitability during the first half year of 2008. It is expected that a lower profitability will be recorded in the second half year because of the fall in stainless steel prices during the third quarter.

Property Investment Division

Total rental income rose by 29.5% to HK\$ 11.4 million in the first six months ended 30th June, 2008 when compared with HK\$ 8.8 million in the same period ended 30th June, 2007.

Average occupancy rate for Hong Kong offices was 99.1% in the first half year 2008. Hong Kong office rental market started to show lackluster in the first half year. Although office rental prices remained intact, activities were visibly decelerating. Office rent in Grade B office buildings only slight grew during the period under review. As at 30th June, 2008, we credited HK\$2.3 million on revaluation of Hong Kong office properties after revalued by appointed surveyor.

Average occupancy rate of Shanghai offices in the first six months of 2008 was 97.8%. Office vacancy rate in Shanghai area remained low, in particular of those prime offices located in downtown area such as districts of Jinan, Luwan, Xuhui, Huangpu and Lujiazui. During the period under review, office market rental prices at downtown area continued to rise. As at 30th June, 2008, we credited HK\$ 24.8 million on revaluation of our Shanghai office properties.

Average occupancy rate of Shanghai residential properties in the first six months of 2008 was at 82.1%. As at 30th June, 2008, occupancy rate was at 85.2%. During the period under review, we sold 4 units of Haihua Garden with total saleable value of RMB 9.2 million and a reported gain of HK\$ 1.03 million. Additional 4 units had been sold by August. Residential property prices in Shanghai fell after implementation of governmental administrative policies on properties transactions and commercial banks’ tightening control on mortgages. Although prices of residential properties located at central downtown area held firm, with anticipation of price cut in property market, many potential homebuyers ceased purchases or urged property developers of new residential housing to lower prices. Number of sales transactions of residential properties plummeted severely in June and July. As at 30th June, 2008, we credited HK\$ 5.4 million on revaluation of Shanghai residential properties.

Singapore rental income remained stable and the rise was contributed from appreciation of Singapore dollars during the period ended. As at 30th June, 2008, we credited HK\$ 0.3 million on revaluation of Singapore properties after revalued by appointed surveyor.

Securities Investment Division

An analysis of the securities portfolio, current and non-current, by type of securities as at 30th June, 2008 is as below:

Market Value as at (in HK\$'000)	30/06/2008	31/12/2007	Diff %
Investment held for trading	185,932	208,882	-11.0%
Available-for-Sales Investment:	-	15,487	n.a.
Foreign Exchange yield linked deposit:	<u>8,895</u>	<u>8,657</u>	<u>+2.7%</u>
Distribution of Securities in Investment held for trading:			
Equities – Hong Kong	30,395	31,819	-4.5%
Equities – Overseas	26,480	36,753	-28.0%
Mutual Funds	<u>129,057</u>	<u>140,310</u>	<u>-8.0%</u>

As at 30th June 2008, the Group used its own fund to finance 89.5% of total investment in securities and the remaining 10.5% was financed by bank borrowings.

An analysis of the portfolio by currency denomination as at 30th June 2008 is listed below:

US dollar	HK dollar	Euro	JP Yen	SGP Dollar	AUD Dollar
69.4%	15.6%	3.5%	5.0%	1.4%	5.1%

Problems in the U.S. sub-prime mortgage market sparked a global liquidity crisis and crashed worldwide investors' confidence. The surge in oil and other commodity prices shifted the market attention from risk of economic growth to inflation. The U.S. Federal Reserve's aggressive intervention since last year, for purpose of preventing financial system breakdown, drove the U.S. dollar into its all-time low. Equities markets turned bearish across the world, primarily driven by anticipation of poor economic conditions and liquidity dry-out. Tighter credits and increasing risk on financial institutions created tremendous volatility in fixed income market. Softening corporate earnings outlook and a weakening macro global environment is expected in the second half year.

Despite a balanced and diversified portfolio reduced the most adverse impact stemming from financial markets during the period under review, as at six months ended June 30th, 2008, we recorded an unrealized loss of HK\$17.2 million, mainly due to the loss from equity markets. During the reviewed period, we continued to reshuffle our portfolio, taking profits out of highly-priced assets and purchasing some under-performed assets from such turmoil financial markets. A realized gain of HK\$ 272K was recorded. Dividend income was reported at HK\$ 1.7 million in the first six months of 2008, a fall of 10.5% when compared with HK\$ 1.9 million in the same period of 2007. Interest income generated from the portfolio was reported at HK\$ 1.9 million in the first half year of 2008 whereas HK\$ 1.8 million was posted in the first half year of 2007.

EMPLOYEES

Total number of staff was 80 persons as at 30th June, 2008 and overall staff turnover retained at healthy level. Staff cost increased slightly by 0.9% in the first six months of 2008 to HK\$ 12.9 million, whereas employees' salaries and other benefits maintained in line with market inflation. During the first half year of 2008, management sponsored staff to participate a standard set of body-checking and the response was satisfactory. An English Enhancement Course continued during the period to improve employee's English standard for effective communication and upgrading work efficiency.

FINANCIAL RESOURCES AND LIQUIDITY

For the first six months ended 30th June, 2008, cash inflow from operation posted at HK\$ 69.8 million. Equity attributable to equity holders of the parent company as at 30th June, 2008 rose to HK\$ 671.7 million, after the Group distributed dividend totaling HK\$ 26.7 million during the period under review. Due to the fall in profitability, return on equity ratio for the first six months of 2008 was slide to 2.0% when compared with 7.7% for the same period ended 30th June, 2007.

Working capital as at 30th June, 2008 fell by HK\$ 13.1 million to HK\$ 323.1 million when compared with HK\$ 336.2 million as at 31st December, 2007. Inventory as at 30th June, 2008 was posted at HK\$ 218.3 million, representing a decline of 1.6% when compared with HK\$221.7 million as at 31st December, 2007. Trade debtor amounted to HK\$ 182.6 million as at 30th June, 2008, representing a fall of 13.5% when compared with HK\$ 211.1 million as at 31st December, 2007. Trade debtor turnover cycle reported at 31.1 days as at 30th June, 2008 when compared with 27.8 days as at 31st December, 2007. The rise in trade debtor turnover days was a result of longer settlement period required for customers to pay, due to poor export demand and tightening borrowing funds from banks.

The Group recorded cash balance of HK\$ 178.7 million as at 30th June, 2008, a rise of HK\$ 42.2 million when compared with HK\$ 136.5 million as at 31st December, 2007. Net borrowings at the period ended 30th June, 2008 declined to HK\$ 230.6 million (as at 31st December, 2007: net borrowing HK\$ 289.5 million). The shrinking net borrowings were an outcome of falling nickel prices throughout the reviewed period. Capital expenditure increased to HK\$ 1.1 million, mainly derived from the purchases for the new setup of Guanheng Trading (Shanghai) Co. Ltd. and Shanghai office renovation during the first six months ended 30th June, 2008.

An analysis of cash and bank deposit by currencies as at 30th June 2008 is set out below:

HK Dollar	US Dollar	Euro	SGP Dollar	Renminbi	NT Dollar	Others
26.8%	47.1%	5.8%	0.3%	18.0%	0.5%	1.5%

DEBT STRUCTURE

All borrowings were in form of Money Market bank loans and Trust Receipt for the first six months ended 30th June, 2008. Average lending tenor for Trust Receipt in financing trading facilities was about 66 days during the period ended June 30th, 2008, 5 days longer than 61 days for the fiscal year ended 31st December, 2007. Money-Market bank loans were either used to finance additional inventory held in warehouse or securities assets purchased in the same foreign currencies. Average interest rate charged to trust receipt borrowings was 3.2% during the period under review when compared with 5.4% for the fiscal year ended 31st December, 2007. Average total bank borrowing interest rate charged at 3.17% during the period under review when compared with 5.33% for the fiscal year ended 31st December, 2007. Total finance cost during the period under review accounted HK\$ 6.7 million (30th June, 2007: HK\$ 12.8 million).

Currency distribution on Bank Borrowings as at 30th June 2008:

	HK\$ '000	
Hong Kong Dollars	373,174	91.2%
United States Dollars	9,395	2.3%
Singapore Dollars	11,802	2.9%
Japanese Yen	14,889	3.6%
	<u>409,260</u>	<u>100.0%</u>

Total bank borrowings as at 30th June, 2008 was HK\$ 409.3 million (as at 31st December, 2007: HK\$ 426.0 million). As at 30th June, 2008, total banking facilities granted by lenders to the Group amounted HK\$ 870.0 million and the average banking utilization rate accounted at 48.6%. Debt to equities ratio fell to 0.61: 1 as at 30th June, 2008 when compared with 0.64:1 as at the year ended 31st December, 2007.

FOREIGN CURRENCY RISK

The Group's monetary transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, Australian Dollars, British Sterling, Reminbi, Singapore Dollars and New Taiwanese Dollars. The Group normally used forward exchange contracts to hedge the return currency of such transaction or borrowed the same currency to fund such transaction. As at 30th June, 2008, no forward contract was outstanding. Short-term borrowings denominated in foreign currencies other than United States Dollars were used to finance assets purchased in the same currencies or official pegging currencies.

OTHER CORPORATE INFORMATION

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months to 30th June, 2008.

DIRECTORS' INTERESTS IN SHARES

At 30th June, 2008, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies ("Model Code"), were as follows:

Long positions

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

Name of director	Capacity	Percentage of Number of issued ordinary shares held	the issued share capital of the Company
Leung Shu Wing	Beneficial owner	184,691,075 (L)	41.457%
Yuen Tin Fan, Francis	Held by controlled corporation (Note 1)	26,984,000 (L)	6.057%
	Founder of discretionary trust (Note 2)	74,770,000 (L)	16.783%
		101,754,000	22.840%
Leung Miu King	Beneficial owner	21,050,000 (L)	4.725%
Wong Chi Kin	Beneficial owner	767,000 (L)	0.172%
Wong Choi Ying	Beneficial owner	9,500 (L)	0.002%
		308,271,575	69.196%

Notes:

- 26,984,000 shares in the Company are owned by Tien Fung Hong Group Limited, a company which is 60% owned by Mr. Yuen Tin Fan, Francis.
- 74,770,000 shares in the Company are owned by TF Yuen Trust. Mr. Yuen Tin Fan, Francis is the founder who has set up the TF Yuen Trust.

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

(b) *Non-voting preferred shares in the Company's subsidiaries*

Name of subsidiary	Name of director	Capacity	Number of non-voting preferred shares	Percentage of the non-voting preferred share capital of the Company's subsidiaries
Kee Shing Hardware Supplies Limited	Wong Chi Kin	Beneficial owner	400,000 (L)	100%
Kee Shing Industrial Products Limited	Leung Shu Wing	Beneficial owner	7,000 (L)	70%
Sam Wing International Limited	Leung Shu Wing	Beneficial owner	19,440 (L)	90%

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

Save as disclosed herein, at 30th June, 2008, none of the directors or chief executive of the Company had any interests or short positions in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

(a) *Interests in the Company*

As at 30th June, 2008, so far as is known to any directors or chief executive of the Company, other than the interests and short positions of the directors or chief executive of the Company as disclosed above, the following persons had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

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

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

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

As at 30th June, 2008, so far as is known to any director or chief executive of the Company, the following person (other than the Company, a director or the chief executive of the Company) was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

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

Save as disclosed herein, as at 30th June, 2008, so far as is known to any directors or chief executive of the Company, no other person (other than a director or the chief executive of the Company) had an interest or short position in Ordinary shares of the Company (the "Shares") and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

By Order of the Board

LEUNG SHU WING

Chairman

Hong Kong, 16th September, 2008

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF KEE SHING (HOLDINGS) LIMITED

奇盛（集團）有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 12, which comprises the condensed consolidated balance sheet of Kee Shing (Holdings) Limited as of 30th June, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

16th September, 2008