



INTERIM REPORT

2009

KSH

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

Incorporated in Hong Kong with limited liability
Stock Code : 174

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Yuen Tin Fan, Francis

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Wong Choi Ying

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

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

SHARE REGISTRARS

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

REGISTERED OFFICE

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

FINANCIAL HIGHLIGHT

	Six months ended 30th June		Year ended 31st December
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2008 HK\$'000 (Audited)
Turnover	452,083	1,067,062	1,782,553
Profit (Loss) before taxation	4,519	22,118	(87,146)
Profit (Loss) Attributable to Owners of the Company	819	13,792	(89,227)
Total Bank Borrowings	158,395	409,260	195,031
Equity attributable to owners of the Company	<u>556,213</u>	<u>672,897</u>	<u>555,380</u>
Net Cash Inflow/(Outflow) before Financing	91,846	94,719	264,134
Net Cash (Outflow)/Inflow from Financing	(42,683)	(55,485)	(284,647)
Capital Expenditure	<u>38</u>	<u>1,076</u>	<u>1,109</u>
Earnings (Loss) Per share (basic – HK cents) ¹	0.20¢	3.10¢	(20.03¢)
Dividend Per Share	0.0¢	6.0¢	8.50¢
Equity attributable to Owners of the Company per share	<u>HK\$1.25</u>	<u>HK\$1.51</u>	<u>HK\$1.25</u>
Interest Cover (times) ²	4.99 times	4.32 times	(6.06 times)
Dividend Cover (times) ³	<u>–</u>	<u>0.52 times</u>	<u>(2.36 times)</u>

Notes:

- Earning per shares is calculated by dividing profit (loss) attributable to owners of the Company by 445,500,000 shares in issue during 30th June, 2009 (30th June, 2008 and 31st December, 2008: 445,500,000 shares)
- Interest cover is calculated by dividing profit (loss) before taxation and finance costs by finance costs.
- Dividend cover is calculated by dividing Earning (Loss) Per Share by Dividend Per Share.

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

The profit attributable to the owners of the Company for the first six months ended 30th June, 2009 was HK\$819K, compared with HK\$13.79 million in the same period ended 30th June, 2008. With no insulation from rapid and dramatic economic downturn across the world, a substantial decline in underlying profit attributable to owners of the Company was a mixed result of the Group's three major divisions under current challenging business environment.

The Directors of the Board do not declare an interim dividend. (Interim Dividend of 2008: HK 2.5 cent per share).

BUSINESS REVIEW

Sales turnover on trading business division recorded at HK\$439.1 million, representing a fall of 58.3% when compared with sales of HK\$1,052.5 million for the first six months of 2008. During the first quarter of 2009, sales of our trading metals and chemicals reported a substantial contraction and prices in all materials that we traded continued to fall since the end of 2008. There was, however, some improvement of sales and prices in April and May, primarily driven from excessive reduction of inventories among distributors and end-users throughout the past six months. Faced with such adverse market condition, the Group has successfully decreased inventory to normal level by April this year and, with cautious projection of future sales, the Group began to purchase from overseas suppliers during the second quarter of 2009. Coupled with strategies of cost-cutting since end of last year and optimization of cash flow during the period under review, the Group was managed to lower down operational leverage and to maintain a strong balance sheet for investment of future growth.

Following a quiet beginning of the year 2009, the Group's property investment started to enjoy benefits of a swift recovery during the second quarter, fueled by the up-rising investor sentiment in Hong Kong and Shanghai property markets. In light of loosening of credit controls, a rapid rebound of the residential market was witnessed in Shanghai. The Group sold 3 units of Shanghai's residential flats during the second quarter and another 10 units were being sold since the end of June. Rental income generated from the investment properties remained stable during the first six months of 2009. Attributed to changes in properties revaluation, the Group was reported a segment gain of HK\$15.7 million for the period under review.

Global financial markets moved vigorously since late 2008 and during the first half year of 2009. With expectation that the global recession has shown signs of abating, more and more investors have returned to financial markets with consensus view that economic recovery is underway and growth will start in the fourth quarter of 2009 and early 2010. Global equity and fixed income markets all rallied since early April, from the bottoms in March of 2009. During the first quarter, the Group disposed of around 20% of its portfolio in an attempt to strengthen cash position of the Group. Although a negative return of HK\$6.5 million was reported on segment results of securities investment in the first half year of 2009, overall volatility of the portfolio had declined substantially as fears on banking system had faded and investors gained confidence in global recovery prospects.

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, 2009.

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, 2009, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's Code of Conduct regarding Directors' securities transactions.

OUTLOOK

Over the past twelve months, global economic situation deteriorated rapidly into deep recession stemming from the financial tsunami. Recently, economic figures show signs of recovery in some sectors of industries and global economy also tends to stabilize. In the Group's view, however, it is too early to declare a full recovery and a belief of normalization of business growth may be premature. Admittedly, governments in developed and developing countries have implemented stimulus packages to alleviate the turmoil of financial markets since last year. Unemployment in many major economies persists at alarming rate, leading to increasing risks of decelerating consumer demand and vulnerability of credits qualities.

Inventory build-up at end-users level and a strategic stockpiling in China over the past months pushed up metal prices into record high level in this year. Escalating investment appetite induces more investors to re-enter the property and equities markets in anticipating to capture gains of real demand growth later this year and early next year, as well as to offset the threat of devaluation of the US dollars. Economic environment is still filled with many uncertainties and head-wind. The management of the Group will remain cautious over the rest of this year and continue to maintain a strong balance sheet to weathering possible market volatility.

Leung Shu Wing
Chairman

Hong Kong, 15th September, 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	NOTES	Six months ended 30.6.2009 HK\$'000 (unaudited)	Six months ended 30.6.2008 HK\$'000 (unaudited)
Turnover	3	452,083	1,067,062
Other income	4	2,083	5,107
Changes in inventories of finished goods		(49,547)	5,601
Purchases of goods held for resale		(370,575)	(1,005,435)
Raw materials and consumables used		(12,779)	(20,789)
Staff costs		(8,579)	(12,881)
Depreciation		(937)	(952)
Other expenses		(9,546)	(13,511)
Loss arising from changes in fair value of investments held for trading		(9,188)	(16,905)
Write-back (write-down) of inventories	4	11,739	(9,012)
Impairment loss on trade debtors		(7,049)	(3,526)
Loss on disposal of available-for-sale investments		-	(20)
Gain arising from change in fair value of foreign exchange yield linked deposit		539	238
Gain arising from changes in fair value of investment properties		7,407	33,794
Finance costs	5	(1,132)	(6,653)
Profit before taxation		4,519	22,118
Income tax expense	6	(2,021)	(5,359)
Profit for the period		<u>2,498</u>	<u>16,759</u>
Other comprehensive income (expense)			
Gain on structured bank deposits		-	93
Exchange differences arising on translation		(64)	23,234
Release on disposals of structured bank deposits		-	20
Other comprehensive income (expense) for the period		<u>(64)</u>	<u>23,347</u>
Total comprehensive income for the period		<u>2,434</u>	<u>40,106</u>
Profit for the period attributable to:			
Owners of the Company		819	13,792
Minority interests		1,679	2,967
		<u>2,498</u>	<u>16,759</u>
Total comprehensive income attributable to:			
Owners of the Company		833	34,818
Minority interests		1,601	5,288
		<u>2,434</u>	<u>40,106</u>
Earnings per share – basic	7	<u>HK\$0.2 cents</u>	<u>HK\$3.1 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2009

	NOTES	30.6.2009 HK\$'000 (unaudited)	31.12.2008 HK\$'000 (audited)
Non-current Assets			
Investment properties	9	345,182	345,125
Property, plant and equipment		26,982	27,957
Interest in an associate	10	453	453
Foreign exchange yield linked deposit	11	9,254	8,715
		<u>381,871</u>	<u>382,250</u>
Current Assets			
Inventories		77,892	127,439
Debtors, deposits and prepayments	12	72,975	84,007
Bills receivable	12	7,981	3,536
Investments held for trading		94,816	125,964
Taxation recoverable		295	931
Short term bank deposits		71,355	33,721
Bank balances and cash		96,885	84,000
		<u>422,199</u>	<u>459,598</u>
Current Liabilities			
Creditors and accrued charges	13	38,092	38,559
Amounts due to minority shareholders of subsidiaries		4,048	6,446
Taxation payable		856	707
Bank borrowings	14	157,025	195,031
Bank overdrafts		1,370	-
		<u>201,391</u>	<u>240,743</u>
Net Current Assets		<u>220,808</u>	<u>218,855</u>
Total Assets Less Current Liabilities		<u>602,679</u>	<u>601,105</u>
Capital and Reserves			
Share capital	15	22,275	22,275
Reserves		533,938	533,105
Equity attributable to owners of the Company		556,213	555,380
Minority interests		31,334	30,933
Total Equity		<u>587,547</u>	<u>586,313</u>
Non-current Liabilities			
Deferred tax liabilities		15,132	14,792
Total Equity and Liabilities		<u>602,679</u>	<u>601,105</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January, 2008 (audited)	22,275	153,728	18,840	(113)	4,363	465,716	664,809	30,055	694,864
Exchange differences arising on translation of foreign operations	-	-	-	-	20,913	-	20,913	2,321	23,234
Gain on structured bank deposits	-	-	-	93	-	-	93	-	93
Profit for the period	-	-	-	-	-	13,792	13,792	2,967	16,759
Release on disposal of structured bank deposits	-	-	-	20	-	-	20	-	20
Total comprehensive 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 (unaudited)	<u>22,275</u>	<u>153,728</u>	<u>18,840</u>	<u>-</u>	<u>25,276</u>	<u>452,778</u>	<u>672,897</u>	<u>34,922</u>	<u>707,819</u>
At 1st January, 2009 (audited)	22,275	153,728	18,840	-	21,916	338,621	555,380	30,933	586,313
Exchange differences arising on translation of foreign operations	-	-	-	-	14	-	14	(78)	(64)
Profit for the period	-	-	-	-	-	819	819	1,679	2,498
Total comprehensive income for the period	-	-	-	-	14	819	833	1,601	2,434
Dividends paid	-	-	-	-	-	-	-	(1,200)	(1,200)
At 30th June, 2009 (unaudited)	<u>22,275</u>	<u>153,728</u>	<u>18,840</u>	<u>-</u>	<u>21,930</u>	<u>339,440</u>	<u>556,213</u>	<u>31,334</u>	<u>587,547</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE 2009

	Six months ended 30.6.2009 HK\$'000 (unaudited)	Six months ended 30.6.2008 HK\$'000 (unaudited)
Net cash from operating activities	83,475	69,781
Investing activities		
Proceeds from disposal of investment properties	7,430	9,230
Proceeds from disposal of available-for-sale investments	-	15,580
Interest income received	220	1,195
Other investing activities	721	(1,067)
Net cash from investing activities	8,371	24,938
Financing activities		
Repayment of bank borrowings, net	(37,953)	(18,539)
Dividend paid	-	(26,730)
Interest expenses paid	(1,132)	(6,653)
Dividends paid to minority shareholders of subsidiaries	(1,200)	(421)
Repayment to minority shareholders of subsidiaries	(2,398)	(3,142)
Net cash used in financing activities	(42,683)	(55,485)
Net increase in cash and cash equivalents	49,163	39,234
Cash and cash equivalents at beginning of the period	117,721	136,469
Effect of foreign exchange rate changes	(14)	1,994
Cash and cash equivalents at end of the period	166,870	177,697
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	71,355	71,820
Bank balances and cash	96,885	106,911
Bank overdrafts	(1,370)	(1,034)
	166,870	177,697

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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, 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009. As the revised accounting policy has been applied prospectively since 1st January, 2009, the change has had no impact on amounts reported in prior accounting periods. In current period, no borrowing costs were capitalised.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised 2008)	Business Combinations ¹
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate

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

⁴ Effective for transfers on or after 1st July, 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating segments under HKFRS 8 are therefore as follows:

1. Sales of chemicals and metals
2. Properties investment
3. Securities investment

Information regarding the above segments, as reported to the chief operating decision maker for the purposes of resource allocation and performance assessment, is tabulated below.

The turnover and results of the Group by operating segment for the period under review are as follows:

For the six months ended 30th June, 2009

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

For the six months ended 30th June, 2008

	Sales of chemicals and metals HK\$'000	Properties investment HK\$'000	Securities investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover					
External sales	1,053,017	11,402	2,643	–	1,067,062
Inter-segment sales	–	855	–	(855)	–
Total turnover	<u>1,053,017</u>	<u>12,257</u>	<u>2,643</u>	<u>(855)</u>	<u>1,067,062</u>
Segment result	<u>3,685</u>	<u>40,748</u>	<u>(14,616)</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					<u>22,118</u>

Inter-segment transactions are charged at prevailing market rates.

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

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

	30.6.2009 <i>HK\$'000</i> (unaudited)	31.12.2008 <i>HK\$'000</i> (audited)
Sales of chemicals and metals	162,906	218,900
Properties investment	367,045	367,684
Securities investment	104,265	134,796
	<hr/>	<hr/>
Total segment assets	634,216	721,380
Unallocated	169,854	120,468
	<hr/>	<hr/>
Total assets	804,070	841,848
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER INCOME/WRITE-BACK (WRITE-DOWN) OF INVENTORIES

Included in other incomes is interest income from bank deposits and structured bank deposits of HK\$220,000 for the six months ended 30th June, 2009 (six months ended 30th June, 2008: HK\$1,195,000).

During the second quarter of 2009, international metal prices gradually increased from the bottom in March this period. A net write-back of inventory provision amounting HK\$11,739,000 was recognised to profit or loss due to price recovery of nickel and copper at the period end.

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

	Six months ended 30.6.2009 <i>HK\$'000</i> (unaudited)	Six months ended 30.6.2008 <i>HK\$'000</i> (unaudited)
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	117	102
Profits tax outside Hong Kong	1,566	1,773
	<hr/>	<hr/>
	1,683	1,875
Overprovision in prior year		
Hong Kong Profits Tax	–	(60)
	<hr/>	<hr/>
	1,683	1,815
Deferred taxation		
Current period	338	3,720
Attributable to a change in tax rate	–	(176)
	<hr/>	<hr/>
	2,021	5,359
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the periods under review. Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

7. EARNINGS PER SHARE

The calculation of the earnings per share attributable to owners of the Company is based on the profit for the period of HK\$819,000 (six months ended 30.6.2008: HK\$13,792,000) and on 445,500,000 ordinary shares (six months ended 30.6.2008: 445,500,000 ordinary shares) in issue during the period.

There is no dilutive potential ordinary shares outstanding during the year.

8. DIVIDEND

	Six months ended 30.6.2009 HK\$'000 (unaudited)	Six months ended 30.6.2008 HK\$'000 (unaudited)
Final dividend paid in respect of the year ended 31st December, 2007 of 6 HK cents per ordinary share	-	26,730

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

9. INVESTMENT PROPERTIES

The fair value of the Group's investment properties located in Hong Kong, elsewhere in the PRC and Singapore as at 30th June, 2009 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\$7,407,000 (six months ended 30.6.2008: HK\$33,794,000), which has been recognised to profit or loss.

10. INTERESTS IN AN ASSOCIATE

	30.6.2009 HK\$'000 (unaudited)	31.12.2008 HK\$'000 (audited)
Cost of unlisted investment	757	757
Share of post-acquisition losses	(304)	(304)
	<u>453</u>	<u>453</u>

11. FOREIGN EXCHANGE YIELD LINKED DEPOSIT

Foreign exchange yield linked deposit represents a principal protected foreign exchange yield differential accrual index-linked 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 end of reporting period is based on the valuation amount provided by the counterparty financial institution.

12. DEBTORS, DEPOSITS AND PREPAYMENTS/BILLS RECEIVABLES

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

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

	30.6.2009 HK\$'000 (unaudited)	31.12.2008 HK\$'000 (audited)
0 – 30 days	44,579	25,941
31 – 60 days	9,863	10,428
61 – 90 days	3,529	15,825
91 – 120 days	1,398	11,097
121 – 365 days	3,177	8,787
	<u>62,546</u>	<u>72,078</u>

The bills receivable have maturity period less than 90 days.

13. CREDITORS AND ACCRUED CHARGES

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

	30.6.2009 <i>HK\$'000</i> (unaudited)	31.12.2008 <i>HK\$'000</i> (audited)
0 – 30 days	16,091	18,390
31 – 60 days	4	58
61 – 90 days	–	–
Over 90 days	55	–
	<u>16,150</u>	<u>18,448</u>

14. BANK BORROWINGS

	30.6.2009 <i>HK\$'000</i> (unaudited)	31.12.2008 <i>HK\$'000</i> (audited)
The bank borrowings, which are due within one year, comprise:		
Bank loans		
– secured (Note)	7,081	12,795
– unsecured	39,725	40,338
Trust receipt and import loans	110,219	141,898
	<u>157,025</u>	<u>195,031</u>

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

15. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each		
Authorised:		
At 30th June, 2009 and 31st December, 2008	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At 30th June, 2009 and 31st December, 2008	<u>445,500,000</u>	<u>22,275</u>

16. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of directors, for the six months ended 30th June, 2009 is HK\$1,644,000 (six months ended 30th June, 2008: HK\$2,069,000)

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Trading Division

Total revenue of electroplating metals and chemicals for the first six months of 2009 was recorded at 389.3 million, a decline of 59.7% when compared with HK\$965.5 million for the same period of last year. Segment results were also reported at HK\$4.0 million (the first six months ended 30th June, 2008: HK\$395K). A significant decline in demand on electroplating metals and chemicals since end of last year continued throughout the first quarter of 2009, in evidence of de-stocking effect among end-users located in China and other Asian countries. Although a short-term rebound was observed in April and May, most market participants were doubtful on actual demand growth, rather than a short-term re-stocking driven from an excessive de-stocking over the past six months.

Sales quantities of electroplating precious metal products in the first six months of 2009 fell by 33.7% and sales revenue fell by 34.1% when compared with that of the same period last year. Weak demand continued in application on jewelry, watches and other decorative industries, while a small pick-up was noticeable in application on electronic products. During the second quarter of 2009, international metal prices gradually increased from the bottom of March this year. Benefited from the impact of fiscal stimulus packages implemented by Chinese government, the Group had managed to reduce inventory level less than half-month consumption by end of April and new overseas purchase was made in early April as well. Also, a write-back of inventory provision amounting HK\$13.1 million was recorded due to price-recovery of nickel and copper at the period end. Re-stocking effect in China was only a glimpse, however, and slow demand persisted after May.

Demand of paint and coating chemical products dropped in China region during the first half year of 2009, mainly because orderly production cut among supply chain did not occur in China domestic market while high inventory pressure among factories constrained its purchase appetite during the second quarter of 2009. Lackluster demand and declining prices resulted a fall of 31.4% of revenue to HK\$43.4 million for the first six months ended 30th June, 2009 when compared with HK\$63.4 million for the same period ended 30th June, 2008. Coupled with the effect of a write-back of inventory provision amounting HK\$723K, segment results was reported at HK\$782K in the first half year of 2009, declining from HK\$2.8 million in the first half year of 2008.

Demand in stainless steel continued to be low during the first half year of 2009 and no major improvement in the underlying demand was seen for stainless steel at the period end. Although a gradual increase in nickel price since the second quarter of 2009 helped ease the Asian stainless steel 304 cold rolled base prices to stabilize at US\$2,370 as at 30th June, 2009, a further write-down on inventory on stainless steel was required at the period end amounting HK\$2.1 million. Total revenue of trading stainless steel was only HK\$6.0 million (the first six months of 2008: HK\$23.7 million) and a segment loss of HK\$5.7 million was recorded, due to very low sales volume and a write-down on inventory.

Property Investment Division

Total rental income rose by 3.5% to HK\$11.8 million for the first six months of 2009 when compared with HK\$11.4 million for the same period of 2008.

Average occupancy rate for Hong Kong offices was 95.2% during the first six months of 2009. After the fallout of the global economies, many companies continued to cut back their rental spaces and sought for lower cost premises. Tsimshatsui is one of the districts in Hong Kong that is benefited from companies looking for lower cost office spaces. Our rental income remained stable during the review period. As at 30th June, 2009, we credited HK\$10K on revaluation of Hong Kong office properties after revalued by appointed surveyor.

Average occupancy rate of Shanghai offices was 100% during the first six months of 2009. Oversupply situation of Grade-A office buildings remained a major factor on downward pressure of office rental market in Shanghai. Benefited largely from the Chinese government's loosening monetary policies, number of sales transactions of offices properties increased in the second quarter, motivated by rising confidence of economic outlook among local and foreign investors. As at 30th June, 2009, we credited HK\$2.7 million on revaluation of our Shanghai office properties.

Average occupancy rate of Shanghai residential properties during the first six months of 2009 was at 91.8%. As at 30th June, 2009, occupancy rate was at 100%. During the review period, we sold 3 units of Haihua Garden with total saleable value of RMB 6.65 million with a reported gain of HK\$669K. Demand of residential commercial properties was booming during the second quarter of 2009, taking advantage of rising stock markets and relaxed credit controls. Number of sales transactions in Shanghai residential properties surged significantly since April. As at 30th June, 2009, we credited HK\$3.7 million on revaluation of Shanghai residential properties.

Singapore rental income remained stable during the course of the first half year of 2009. As at 30th June 2009, we credited HK\$260K 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, 2009 is as below:

Market Value as at (in HK\$'000)	30/06/2009	31/12/2008	Diff %
Investment held for trading	94,816	125,964	-24.7%
Foreign Exchange yield linked deposit:	<u>9,254</u>	<u>8,715</u>	<u>+6.2%</u>
Distribution of Securities in Investment held for trading:			
Equities – Hong Kong	14,989	30,104	-50.2%
Equities – Overseas	16,284	14,884	+9.4%
Mutual Funds	<u>63,543</u>	<u>80,976</u>	<u>-21.5%</u>

As at 30th June 2009, the Group used its own fund to finance 79.0% of total investment in securities and the remaining 21.0% was financed by bank borrowings.

An analysis of the portfolio by currency denomination as at 30th June 2009 is listed below:

US Dollar	HK Dollar	Euro	JP Yen	SGP Dollar	AUD Dollar
69.2%	14.4%	4.3%	6.1%	1.9%	4.1%

Last fall, we encountered an enormous collapse of confidence among investors, financial and business sectors. Following the U.S. Federal Reserve stepped in to preserve the banking system, and pushed down the federal funds rate at zero, investors started to admit the financial system has been back to order and hoarding cash should not be a winning tactic. With a view of further improvement in financial conditions and anticipating an upturn of profitability growth among corporations, a distinctive rally was witnessed in global equity and fixed income markets. As Asian, excluding Japan, economies withstood recession better than that of other developed countries, equities markets in those Asian countries were outperformed the U.S. and European markets in the past six months.

During the first quarter, the Group has offloaded around 20% of its portfolio to preserve cash. After hitting the bottom in March, the Group's securities portfolio captured part of global rally of equity and fixed income markets at the end of June. However, an unrealized loss of HK\$9.1 million was recorded as comparison of valuation of the portfolio was made on 31st December, 2008 and 30th June, 2009. Dividend income also dropped to HK\$753K for the first half year of 2009, from HK\$1.7 million of the same period last year. Interest income generated from the portfolio was reported at HK\$574K in the first six months ended 30th June, 2009 whereas HK\$1.9 million was posted in the same period of 2008.

EMPLOYEES

Total number of staff was 73 persons as at 30th June, 2009 whereas 80 persons were reported as at 30th June, 2008. Staff cost decreased by 33.4% in the first six months of 2009 to HK\$8.6 million due to implementation of cost-saving strategy since end of last year. Employment turnover rate, representing average of total number of employee newly recruited plus departed divided by average number of employee over six months, was at 2.7% for the period ended 30th June, 2009.

FINANCIAL RESOURCES AND LIQUIDITY

For the first six months ended 30th June, 2009, cash inflow from operation was reported at HK\$83.5 million. Equity attributable to owners of the Company as at 30th June, 2009 rose to HK\$556.2 million from HK\$555.4 million as at 31st December, 2008.

Working capital as at 30th June, 2009 rose by HK\$2.0 million to HK\$220.8 million when compared with HK\$218.9 million as at 31st December, 2008. Inventory as at 30th June, 2009 was posted at HK\$77.9 million, representing a decline of 38.9% when compared with HK\$127.4 million as at 31st December, 2008. Trade debtor, net of allowance for doubtful debt, amounted to HK\$62.5 million as at 30th June, 2009, representing a fall of 13.3% when compared with HK\$72.1 million as at 31st December, 2008. Trade debtor turnover cycle reported at 26 days as at 30th June, 2009 when compared with 31.1 days as at 30th June, 2008. The decline in trade debtor turnover days was outcomes of shortening credits extended to customers during the period under review.

The Group recorded cash balance of HK\$168.2 million as at 30th June, 2009, a rise of HK\$50.5 million when compared with HK\$117.7 million as at 31st December, 2008. A net cash of HK\$9.8 million was recorded as at 30th June, 2009 while a net borrowing of HK\$77.3 million was posted as at 31st December, 2008. With concern of cost-saving, capital expenditure was only amounted to HK\$38K during the period under review.

An analysis of cash and bank deposit by currencies as at 30th June 2009 is set out below:

HK Dollar	US Dollar	Euro	SGP Dollar	Renminbi	NT Dollar	Others
18.7%	64.6%	3.0%	0.1%	11.8%	0.3%	1.5%

DEBT STRUCTURE

All borrowings were in form of Money Market bank loans, Overdraft and Trust Receipt for the first six months ended 30th June, 2009. Average lending tenor for Trust Receipt in financing trading facilities was about 52 days during the period ended June 30th, 2009, 14 days shorter than 66 days for the fiscal year ended 31st December, 2008. 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 1.5% during the period under review when compared with 3.4% for the fiscal year ended 31st December, 2008. Total finance cost during the period under review accounted HK\$1.1 million (30th June, 2008: HK\$6.7 million).

Currency distribution on Bank Borrowings as at 30th June 2009:

	HK\$ '000	
Hong Kong Dollars	117,616	74.3%
United States Dollars	21,709	13.7%
Singapore Dollars	1,370	0.9%
Japanese Yen	17,700	11.1%
	<u>158,395</u>	<u>100.0%</u>

Total bank borrowings as at 30th June, 2009 was HK\$158.4 million (as at 31st December, 2008: HK\$195.0 million). Due to slow sales turnover during the period under review, average utilization rate of banking facilities of the Group was at 18.8% with total banking facilities granted to the Group at HK\$801.9 million as at 30th June, 2009. Debt to equities ratio fell to 0.28: 1 as at 30th June, 2009 when compared with 0.35:1 as at the year ended 31st December, 2008.

FOREIGN CURRENCY RISK

The Group's monetary transactions were conducted in Hong Kong Dollars, United States Dollars, Japanese Yen, Euro, Australian Dollars, British Sterling, Renminbi, Singapore Dollars and New Taiwanese Dollars. The Group normally used forward exchange contracts to hedge the return currency of such transaction or borrowed the same currency to fund such transaction. As at 30th June, 2009, 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, 2009.

DIRECTORS' INTERESTS IN SHARES

At 30th June, 2009, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies ("Model Code"), were as follows:

Long positions

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Leung Shu Wing	Beneficial owner	184,691,075 (L)	41.457%
Yuen Tin Fan, Francis	Held by controlled corporation (Note 1)	26,984,000 (L)	6.057%
	Founder of discretionary trust (Note 2)	74,770,000 (L)	16.783%
		<hr/> 101,754,000	<hr/> 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%
		<hr/> <u>308,271,575</u>	<hr/> <u>69.196%</u>

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, 2009, 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, 2009, 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 discretionary trust	Trustee of a	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, 2009, 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, 2009, 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, 15th September, 2009

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 13, which comprises the condensed consolidated statement of financial position of Kee Shing (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30th June, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Broad Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

15th September, 2009