

CHAIRMAN'S STATEMENT

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

RESULTS

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

DIVIDEND

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

BUSINESS REVIEWS

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

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

and timing of purchases.

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

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

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

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

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

PROSPECTS

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

LEUNG SHU WING

Chairman

Hong Kong, 30th March 2001