08 Annual Report 年 報

Kee Shing (Holdings) Limited

奇盛（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

Stock Code 股份代號 : 174

KEE SHING

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Yuen Tin Fan, Francis

Independent Non-executive Directors

Wong Kong Chi
Lai Chung Wing, Robert
Chan Wing Lee

AUDIT COMMITTEE

Wong Kong Chi – *Chairman*
Chan Wing Lee
Lai Chung Wing, Robert

REMUNERATION COMMITTEE

Wong Kong Chi – *Chairman*
Chan Wing Lee
Lai Chung Wing, Robert
Wong Chi Kin

COMPANY SECRETARY

Wong Choi Ying

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

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

SHARE REGISTRARS

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

Financial Highlights

	2008 HK$'000	2007 HK$'000	Change %
INCOME STATEMENTS			
Turnover	**1,782,553**	2,771,092	–35.7%
(Loss) Profit before Taxation	**(87,146)**	111,799	n.a.
(Loss) Profit Attributable to Shareholders	**(89,227)**	94,974	n.a.
Dividends	**37,868**	44,550	–15.0%
BALANCE SHEETS			
Total Assets	**841,848**	1,198,764	–29.8%
Total Borrowings	**195,031**	425,989	–54.2%
Shareholders' Funds of equity holders of the Company	**555,380**	664,809	–16.5%
CASH FLOW			
Cash Generated from Operating Activities	**225,938**	78,401	+1.9 times
Working Capital	**218,855**	336,157	–34.9%
Capital Expenditure	**1,109**	836	+32.7%
Earnings Per Share	**(20.03¢)**	21.32¢	n.a.
Dividends Per Share	**8.5¢**	10.0¢	–15.0%
Shareholders' Fund Per Share	**1.25**	1.49	–16.1%
Interest Cover	**(6.06 times)**	5.24 times	n.a.
Dividend Cover	**(2.36 times)**	2.13 times	n.a.

Note:

1. Earnings per share are calculated by dividing profit attributable to equity holders of the Company by 445,500,000 shares in issue during 2008 (2007: 445,500,000 shares).

2. Interest Cover is calculated by dividing profit before tax and interest charges by interest charges.

3. Dividend Cover is calculated by dividing Earnings per Share by Dividends Per Share.

Ten Year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December,

	1999	2000	2001	2002	2003	2004	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	1,223,055	1,053,704	860,920	1,072,821	1,224,230	1,770,634	1,964,169
Profit/(Loss) before taxation	85,669	48,208	36,524	8,527	46,300	61,971	83,655
Taxation	(6,810)	(2,946)	(4,640)	(3,884)	(6,029)	(9,300)	(11,881)
Profit/(Loss) for the year	78,859	45,262	31,884	4,643	40,271	52,671	71,774

CONSOLIDATED BALANCE SHEET

As at 31st December,

	1999	2000	2001	2002	2003	2004	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	800,560	795,298	796,002	826,708	934,586	987,762	949,328
Total liabilities	(220,520)	(197,432)	(188,002)	(229,503)	(310,219)	(357,571)	(334,196)
	580,040	597,866	608,000	597,205	624,367	630,191	615,132
Equity attributable to:							
Equity holders of the parent	563,314	581,166	592,737	581,134	606,775	610,417	593,399
Minority interests	16,726	16,700	15,263	16,071	17,592	19,774	21,733
	580,040	597,866	608,000	597,205	624,367	630,191	615,132

Notes:

1. The above financial summary prior to 2002 has not been adjusted to take into account the effect on the adoption of SSAP 12 (Revised) "Income taxes" issued by HKICPA as the directors considered that it is not practicable to do so.

2. The above financial summary prior to 2003 has not been adjusted to take into account the effect on the adoption of certain HKFRSs that are effective for accounting periods beginning on or after 1st January, 2005.

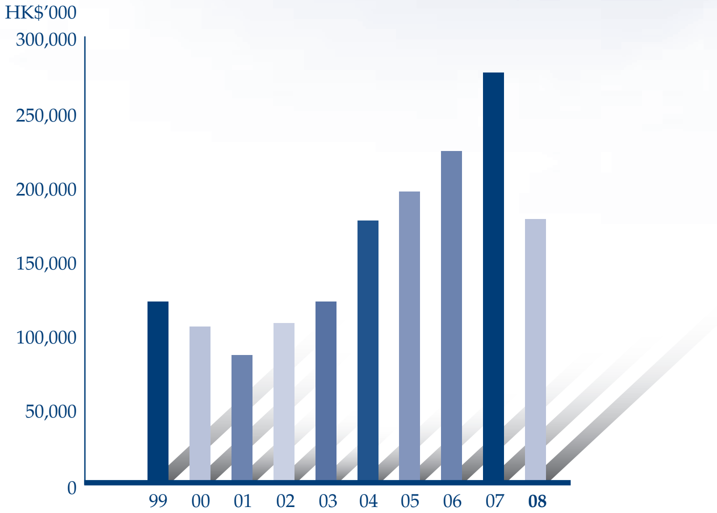
KEY DATA

	1999	2000	2001	2002	2003	2004	2005
Interest cover (times)	13.70	4.83	7.21	2.95	13.17	16.29	9.49
Dividends per share (cents)	6.50	5.00	2.50	2.50	3.00	12.50	20.00
Earnings per share (cents)	17.50	9.80	6.90	0.93	8.69	11.51	15.77
Net assets per share (HK$)	1.26	1.30	1.33	1.30	1.36	1.37	1.33
Gearing	0.25	0.25	0.23	0.31	0.40	0.49	0.46

Ten Year Financial Summary

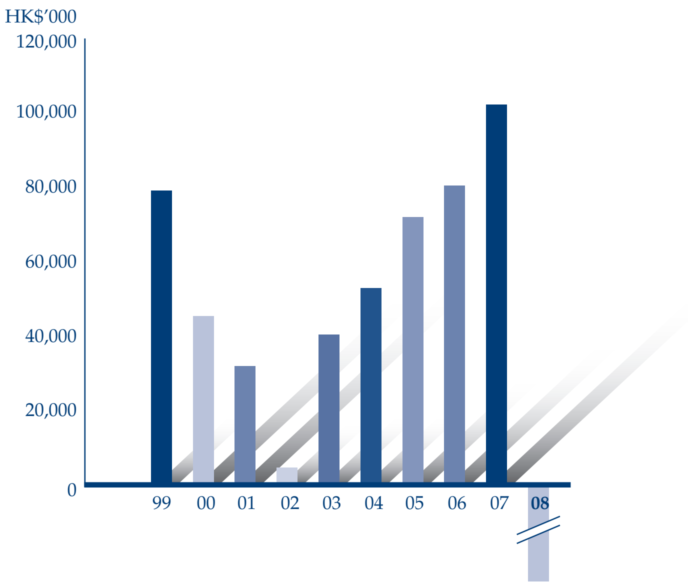
2006	2007	2008
HK$'000	HK$'000	**HK$'000**
2,240,998	2,771,092	**1,782,553**
90,099	111,799	**(87,146)**
(9,923)	(9,953)	**(1,812)**
80,176	101,846	**(88,958)**

Turnover



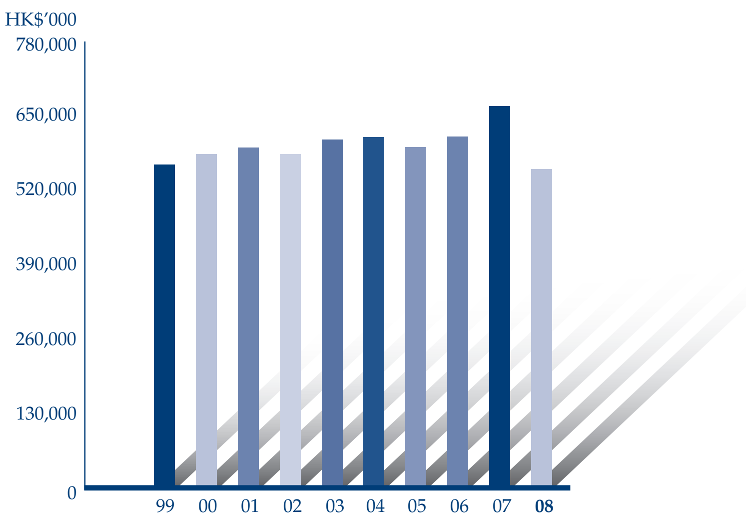
2006	2007	2008
HK$'000	HK$'000	**HK$'000**
1,230,588	1,198,764	**841,848**
(596,123)	(503,900)	**(255,535)**
634,465	694,864	**586,313**
611,734	664,809	555,380
22,731	30,055	**30,933**
634,465	694,864	**586,313**

Net Profit



2006	2007	2008
6.79	5.24	**(6.06)**
14.00	10.00	**8.50**
17.43	21.32	**(20.03)**
1.37	1.49	**1.25**
0.80	0.64	**0.35**

Equity



Chairman's Statement

The Kee Shing Group encountered a difficult time in year 2008 – a year that was comprised of a drastic downturn in economy worldwide, a global financial crisis and credit collapse, and an enormous fluctuation in commodity and raw material prices. These adverse market situations had severely affected Kee Shing Group's operations and profitability and resulted in a loss attributable to shareholders amounting to HK$89.2 million in 2008, mainly due to the impact of inventory loss and losses arising from mark-to-market valuing of the Group's securities portfolio.

Interim dividend of Hong Kong 2.5 cents per ordinary share was declared on 16th September, 2008. However, due to the losses made this year, the Board of Directors does not recommend the payment of a final dividend for 2008 (Final dividend for 2007: Hong Kong 6.0 cents per ordinary share).

BUSINESS REVIEW

During the course of 2008, overall trading business environment experienced a drastic change and turmoil due to the global financial tsunami. Concerns of credit shortage, production restriction in China and future demand uncertainty caused many companies extensively reduced their production capacity. Substantial purchase orders reduction and orders cancellation were witnessed. Sharply weakened demand at the last quarter of 2008 resulted in the collapse of commodity metal prices and significant distress in credits availability, inevitably led to a very poor financial result of our trading section, mainly arising from inventory loss and receivable loss, during the second half year of 2008.

The abrupt and severe impact of global banking crisis after the collapse of Lehman Brothers in August last year was followed by severe price dislocation and illiquid market situation stemming from emotions of fear and panic among investors. Accordingly, the Group suffered from a mark-to-market loss on value over securities that we held at the year end. Benefiting from steady growth economic environment in China, business in property investment remained stable during the year.

On the bright side, our strong balance sheet gives us a competitive advantage under current challenging times. Our net gearing ratio, which is the ratio of bank borrowings to equity attributable to equity holders of the Group, was 35.1% at 31st December, 2008 (as at 31st December, 2007: 64.1%). Total debt liabilities to bankers accounted at HK$195.0 million at the year end. During the first three months of 2009, we have further reduced our total debt liabilities by more than 20%. Total cash held by the Group as at 31st December, 2008 was HK$117.7 million and additional cash inflow, arising from reducing trading receivable, disposal of inventory as well as investment securities, was recorded in the following three months. The well positioned balance sheets indicate the Group is able to take full advantage in the event of economic recovery in the market.

Facing highly uncertainties in demand and market conditions, the Group has also taken several actions aimed at ensuring flexibility in financial resources. These include reduction in fixed cost mainly in human resources, effective management in purchase controls and inventories level, as well as credit tightening among all customers. Besides on reduction in working capital, the Group also set up strategic goals to ensure more understanding in customers' needs and financial conditions, broadening customer base, as well as escalating creativity and perspective among all staff.

CORPORATE GOVERNANCE

The Group is committed to adopt governance principles and standards to safeguard the interests of shareholders and stakeholders. The Group's Corporate Governance Report is set out on page 12 to page 17 in this Annual Report.

OUTLOOK

Despite lack of visibility on prevailing near-term market condition, we believe a company that conducts business sustainability, accountability and responsibility over challenging times is more susceptible to success in future. Having careful monitoring and management on business strategies and venture, the Group should be able to maintain a robust financial position throughout an extended period of uncertainties and pursue a better growth and shareholder value return when the time of recovery arrives.

Finally, on behalf of my fellow Board members and myself, I would like to thank all our customers and bankers for their strong support and understanding in these severe adverse market conditions. Also, I would like to thank all shareholders for their confidence and trust of the Group's management in these turbulent times. To all Kee Shing staff, I would like to thank them for their valuable contributions and commitment at the present difficult business environment. We believe our financial strength and determination will lead us to overcome more challenges ahead.

LEUNG SHU WING
Chairman

Hong Kong, 8th April, 2009

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	
For the Year ended:	**31.12.2008**	31.12.2007	**31.12.2008**	31.12.2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Electroplating Materials and Chemicals	**1,609,257**	2,569,455	**(50,014)**	30,902
Paint and Coating Chemicals	**109,968**	122,428	**3,994**	6,177
Stainless Steel	**36,029**	57,416	**(4,944)**	7,903
Total	**1,755,254**	2,749,299	**(50,964)**	44,982

Electroplating Materials and Chemicals

We believe the global financial crisis that we've experienced today is one of the most serious that the world has ever seen. The global economic downturn was so rapid that its speed was far greater than anyone's expectation. During the year of 2008, particularly in the last quarter, we have witnessed an unprecedented substantial demand contraction of our products across the regions that we are participating. The swift deterioration also marked a lack of visibility on future demand expectation. Extremely sharp fall of metal prices, fueled by rapid unwinding and de-leveraging of commodity investment as well as deterioration of global commodity demand, gave rise to a significant inventory loss of our overall business, especially relating to nickel metal.

Precious Metal Products

Although total sales quantities of precious metal products fell by 38.3% annually, yearly revenues fell by 20.8% while gross profit dropped by 23.7%. During the year, electroplating demand on precious metals products shrank due to precious-metal-related production restriction imposed by the Chinese government from May till early September for security reason of Beijing 2008 Summer Olympics, as well as reduction in export demand from the United States market. Demand weakening continued at the last quarter of 2008, particularly those applications used in automotive-related and electronics industrial sector, resulting from an effect of severe reduction in global exports to the rest of the world. De-stocking before Chinese New Year of 2009 also drove down the consumption demand appetite among customers. Similarly to other industrial metal, precious metal prices also experienced high volatility during the year. Therefore, we intentionally maintained our inventory at a very low level throughout the year at the risk of shortage supply to customers who requested goods delivery in short notice. Concerned with financing difficulties among precious metal end-users, we further shortened the credit terms at the last quarter of the year. In view of solid consumer spending in China market, we have increasingly raised our inventory level after the Chinese New Year of 2009.

Base Metal Products

Nickel metal experienced a significant fall all through second half of the year due to severe downturn in commodity physical consumption as well as massive de-leveraging among commodity investors. After peaking at US$33,299 per tonne in March, it continued to fall to the lowest of US$8,804 per tonne in October. In association with rapid weakening of global economic condition after the fall of Lehman Brothers, nickel physical demand plunged significantly all over the world. This included applications in stainless steel mills, aerospace turbine and electroplating sectors. The Group's nickel monthly sales orders at the last month of the year was less than 20% of its normal sales volume. The substantial fall in demand meant a sharp rise in stock level in supply chain. In spite of swift and massive reduction of purchases from overseas supplier at the last quarter, we incurred an impairment loss of inventory of nickel of approximately HK$14 million as at 31st December, 2008. In the first two months of 2009, we stopped purchase from overseas supplier in way of cutting overall stock level to a normal level. Yet, slowing demand of nickel remained after Chinese New Year.

Demand on electroplating copper in China and Taiwan also plunged. Amid global sharp fall in consumer demand of electronic products such as notebooks, mobile phones, electrical appliances, sales volumes of electroplating copper to Printed Circuit Board manufacturers that provide application for electronic products fell by more than 40% at the last quarter of 2008. De-stocking was common among customers at the year end. Similar to other base metal, copper metal price started to fall from peak of US$9,000 per tonne in July to the lowest of US$2,767 per tonne in December. Thereby, an impairment loss of inventory was incurred as at 31st December, 2008 at around HK$1.4 million.

Management Discussion and Analysis

In response to significant reduction in the prices and demand for commodity metals, we have cut all purchase orders from overseas and local suppliers by more than 50% towards the end of 2008. However, the multitude and depth of economic downturn was completely out of our expectation. As at 31st December, 2008, total inventory level was recorded at HK$101.7 million, a sharp decline of 48.0% from HK$195.7 million as at 31st December, 2007. This stock level included a provision of inventory loss as at 31st December, 2008 of HK$16.0 million. Significant downturn of industrial production, particularly around Pearl River Delta area in Southern China, also uplifted the Group's cautiousness on customers' credibility at the last quarter. We have taken conservative steps by shortening all credits extended to customer during the last quarter of the year, considering a sizeable credit tightening among commercial banks located in Hong Kong and around Pearl River Delta region as well as sharp production contraction at the last quarter of 2008. Despite all these measures, we are still required to make a provision for doubtful debts of HK$19.8 million due to the failure of customers' business and shortage of working capital of customers under such distress business environment. Total net account receivable sum reported at HK$67.0 million at the year end. (as at 31st Dec, 2007: HK$195.2 million).

We expect the impact of nickel and copper metal prices to stabilize in the first half year of 2009 due to rapid response of production cuts among miners and producers. Yet the resumption of consumer confidence in the North America and European markets remained dull. It is expected that global demand recovery upon metal consumption will, little by little, move towards Asian region (excluding Japan), particularly in China and other Asian countries with sound fundamentals. Stimulus plans implemented among governments of China and other Asian countries during the first quarter of 2009 positively assisted industrial sector not to further deteriorate after the unprecedented adverse impact at the end of 2008. We expect even today metal production cut among producers and miners could not completely mitigate the impact of sharp fall in demand, the outlook of global demand will slowly recover in the medium to longer term and physical supply tightening will become an alarming concern in later days.

Paint and Coating Chemicals

Demand of paint and coating chemical products started to plummet in China from late October 2008. Drastic production decline among construction industries, furniture and automotive sectors immediately chilled down the optimistic sentiment across Southern and Eastern China region after the successful completion of Beijing Summer Olympic 2008. Overall turnover in 2008 fell by 10.2% to HK$110.0 million and gross profit fell by 27.0%.

During the course of 2008, oil markets experienced a tremendous volatility, falling from peak of US$147.27 per barrel in July to the low of US$32.4 per barrel in December. Being the primary raw material of making chemical products that we traded, we witnessed the prices of paint and coating chemical products also rose to the peak in the middle of the year and then fell continuously towards the end of the year, and further deterioration in prices was seen in the first two months of 2009. Therefore, we incurred an impairment loss of inventory of approximately HK$0.7 million as at 31st December, 2008. Customers' demand also deteriorated swiftly at the last quarter of 2008 as production capacity of many industries in relation to automotive, construction and furniture sectors all slowed down their capacity level and some factories even temporary suspended their production by the year end.

Considering financing difficulties among customers in downturn economic environment, we reduced our purchases from overseas and local Chinese suppliers substantially at the year end. Receivable turnover (including open accounts and bills payment) also decreased substantially as at 31st December, 2008. In order to diversify the risk of relying on traditional paint and coating chemical products, we continued to introduce new products and develop new applications to unexplored industrial users in China market. We expect that weak market climate, in particular of industries dependence on exports to the United States or Europe, will continue in the year of 2009 amid financial crisis worldwide. In view of the solid economic growth in China, we will put more efforts on customers which production are targeting on local industrial consumption.

Stainless Steel

When compared with HK$57.4 million in 2007, sales of stainless steel decreased by 37.3% to HK$36.0 million in 2008. During the course of 2008, in particular of the last quarter, stainless steel demand and prices seriously suffered from abrupt and negatively impact by global economic downturn. Asian stainless steel 304 cold rolled base price fell from peak of US$4,350 per ton in April to US$2,150 per ton in December, and further fall was seen in the first two months of 2009. In spite of extensive production cuts by stainless steel mills during the second half year of 2008, deterioration of consumer spending caused many stainless steel customers to operate their production at low capacity level or even temporary stoppage of production. These customer actions outpaced the size of supply contraction and weak demand in stainless steel continued after 2008.

Being a service center in a supply chain, we thereby incurred an impairment loss of inventory amounting HK$5.0 million as at 31st December, 2008. In short-to-medium term, we expect market demand continued to suffer from current stress economic condition. Without having visibility in future demand recovery, we have ceased purchases from overseas suppliers in the first two months of 2009. Inventory level as at 31st December, 2008 reported at HK$23.5 million, representing a decline of 11.3% from HK$26.5 million as at 31st December, 2007. Amid current financing shortage environment, account receivable turnover also fell at the 2008 year end due to weak sales turnover as well as credit tightening among all customers.

Property Investment Division

Total rental income rose by 32.9% to HK$23.0 million in 2008 when compared with HK$17.3 million in 2007.

Average occupancy rate for Hong Kong offices was 98.4% during the year of 2008. Weakening confidence on global financial crisis clouded over office markets during the second half year of 2008. Multinational companies began to downsize their floor areas to cope with deepening global financial crisis. Overall Hong Kong office rental market was lackluster at the year end. Distress business environment in Hong Kong tarnished outlook of office rent in Grade B office buildings at the last quarter of 2008. As at 31st December, 2008, a deduction of HK$1.0 million on revaluation of Hong Kong office properties was recorded after revalued by appointed surveyor.

Average occupancy rate of Shanghai offices was 98.5% in 2008. Surged supply and slacken leasing activities were typical phenomenon among Shanghai office market during the fourth quarter of 2008. Developers of most Grade-A office buildings delayed their timetable to sell or lease to the market in the midst of escalating vacancy rate. Many enterprises in Grade-A office buildings with expiring leases chose to move to less costly locations or Grade-B office buildings. Although oversupply situation of Grade-A office buildings mainly concentrated in Pudong area, mounting downward pressure was noticeable across market rental prices of Shanghai office buildings. Despite of drop in rental value, there was no noticeable drop in value of the properties. As at 31st December, 2008, we credited HK$23.0 million on revaluation of our Shanghai office properties.

Average occupancy rate of Shanghai residential properties in 2008 was at 80.0%. As at 31st December, 2008, occupancy rate was at 86.4%. During the course of 2008, we sold 9 units of Haihua Garden with total saleable value of HK$20.9 million and a reported gain of HK$1.9 million. Transaction volume remained soft in Shanghai since the implementation of administrative policies on cooling down property markets in the middle of the year. Having aware of the severity of global financial crisis after the completion of Beijing Summer Olympic 2008, the Chinese government immediately reversed its previous policies by introducing several major stimulus measures to increase the property markets activities. Most policies were targeting at residential markets, and a small rebound in transactions was witnessed at the year end. However, negative sentiment continued to weigh on residential property market, in particular of luxury residences in Shanghai area. As at 31st December, 2008, we credited HK$3.2 million on revaluation of Shanghai residential properties.

We expect loosening credit policies as well as preference terms on taxation and secondary residences will boost home-users demand in 2009. Although downward pressures on residential prices in Shanghai will continue, we anticipate residential properties at mid-market prices should gain benefits upon down-town location and affordable mortgage installment.

Securities Investment Division

An analysis of the Group's securities portfolio, current and non-current, by type of securities as at 31st December, 2008 is as below:

(In HKD'000)

Market Value as at	**31/12/2008**	31/12/2007	Diff %
Investment held for trading	**125,964**	208,882	–39.7%
Foreign Exchange Yield Linked Deposit	**8,715**	8,657	+0.7%
Available-for-sale Investments	**0**	15,487	n.a.
Distribution of Securities in Investment held for trading:			
Equities – Hong Kong	**30,104**	31,819	–5.4%
Equities – Overseas	**14,884**	36,753	–59.5%
Mutual Funds	**80,976**	140,310	–42.3%

Management Discussion and Analysis

The investment climate in 2008 was extraordinarily difficult. Severe prices dislocation across credit markets during the first three quarters of 2008 was further deteriorated by the consequences of the collapse of Lehman Brothers in the beginning of the fourth quarter. This distortion caused a rapidly mounting skeptic atmosphere among financial institutions and investors in monetarily dealing with counterparties, and that gave rise to an oversold market conditions and an illiquid market environment at the year end. Coupled with a swift deterioration of global economic condition, global economic indicators sharply decelerated at the year end and later first two months of 2009. Global governments and central banks repeatedly committed to restore the financial system by implementing various fiscal and monetary measures to boost hopes and confidence that the global economies will recovery. Although governments and central banks have aimed at stabilizing credit markets and alleviating systemic risks, corporate profitability remained under pressures. In order to retain adequate financial strengths to cope with current distress market situation, cash conservation among investors, financial institutions and corporations was common trend at the year end.

Under such dismal market condition, we recorded an unrealized loss of HK$58.3 million as at 31st December, 2008. To limit part of further loss during the fourth quarter, we sold some investments and recorded a realized loss of HK$3.8 million. Income generated from the securities portfolio was reported at HK$4.3 million for the year of 2008, a fall of 2.3% when compared with HK$4.4 million in 2007.

Even though we do not believe market will head towards a global great depression, driven by weak industrial demand and reducing international trade activities, we expect equity markets will continue to be under pressure and excessive volatility will be seen throughout the year 2009. Considering quantitative-easing monetary polices and loosening credit policies will persist for a period of time, high-quality and high-yield credit instruments become market preference providing with a good risk-reward advantages verses mark-to-market volatility. Still, it is expected excessive volatility will predominant in various financial sectors like equities, credit, currencies and commodities throughout the year.

EMPLOYEES

Staff cost fell by 4.5% in 2008 to HK$26.3 million. As at 31st December, 2008, total staff headcounts was 75, representing a reduction of 10 staff during the year. As market conditions turned sour at the last quarter of 2008, the Group had to prepare for a scenario in which the market continues to remain weak for a period of time. Therefore, the Group had made decision at the end of 2008 by cutting headcounts and reduction or freezing salary to all staff, senior management, and the directors of the Board. This cost saving of approximate 13.7% reduction on fixed costs for 2009, aimed at ensuring cash flow flexibility of the Group. Employment turnover rate, representing average of total number of employee newly recruited plus departed divided by average number of employee over a year, was 24.0% in 2008, when compared with 17.6% in 2007.

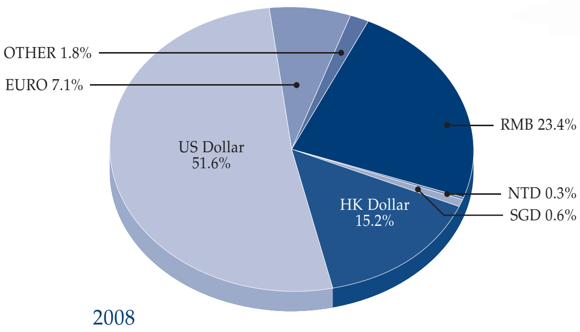
FINANCIAL RESOURCES AND LIQUIDITY

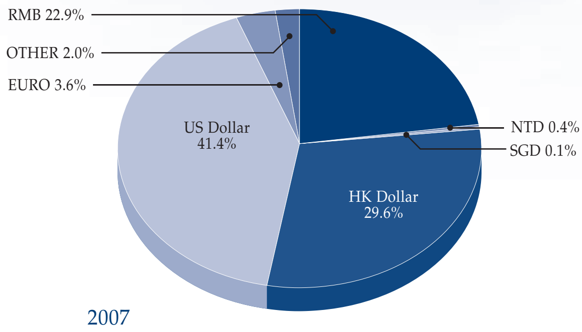
Cash flow generated from operation during 2008 was much higher than previous year at HK$225.9 million (Fiscal Year 2007: HK$78.4 million), mainly generated from cash receipts due to reduction of inventory and receivables, as well as cutback of purchases from local and oversea suppliers. Together with internal funds resources and cash flow generated from disposal of investment properties and securities investment, these cash inflows had been used mainly for repayment of bank borrowings which accounted for HK$230.9 million, as well as dividend payment to shareholders at HK$37.9 million during the year.

Working capital balances decreased from HK$336.2 million in 2007 to HK$218.9 million during 2008 primarily because of lower sales turnover which in turn reduced debtors and inventories balances.

Combined with inventory loss during the year as well as unrealized loss from securities portfolio, equity attributable to equity holders of the parent company as at 31st December, 2008 fell to HK$555.4 million. The Group's total inventory as at 31st December, 2008 was posted at HK$127.4 million, representing a decline of 42.5% when compared with HK$221.7 million as at 31st December, 2007. Trade receivable (net) amounted to HK$72.1 million as at 31st December, 2008, representing a fall of 65.8% when compared with HK$211.1 million as at 31st December, 2007. Trade debtor turnover cycle (net) reported at 15.0 days as at 31st December, 2008 when compared with 27.8 days as at 31st December, 2007. Substantial decline in debtors was primarily due to the slow sales turnover at the year end as well as extensive credit shortening among customers during the last quarter of 2008.

An analysis of cash and short term bank deposits by currencies as at 31st December, 2008 and 31st December, 2007 are set out below:

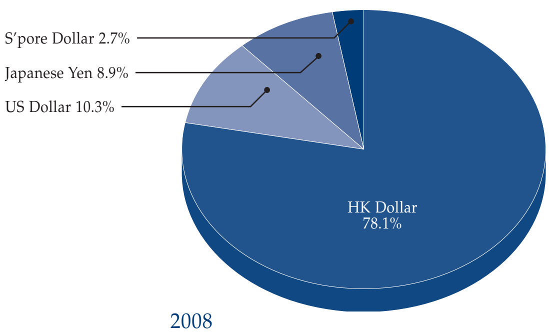


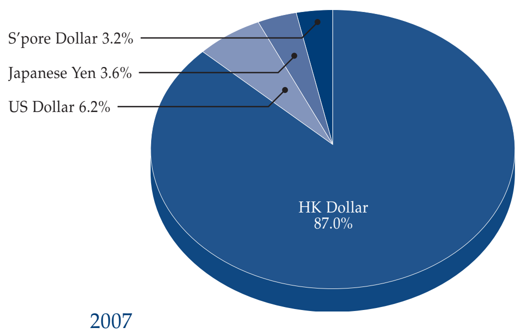


Cash at bank and in hand less overdrafts as at 31st December, 2008 was HK$117.7 million which compared with HK$136.5 million as at 31st December, 2007. Following from considerable reduction of purchases from suppliers at the last quarter of 2008, total bank borrowings as at 31st December, 2008 substantially fell to HK$195.0 million, representing a 54.2% decline when compared with HK$426.0 million as at 31st December, 2007. Net debt, comprising cash and interest bearing liabilities, was HK$77.3 million as at 31st December, 2008, representing a decline of 73.3% from HK$289.5 million as at 31st December, 2007. Gearing, which is the ratio of interest bearing liabilities to net assets, was 0.35:1 at 31st December, 2008, compared with 0.66: 1 at 31st December, 2007.

DEBT STRUCTURE

An analysis on bank borrowings by currencies as at 31st December, 2008 and 31st December, 2007 are set out below:





All bank borrowings were in form of Money Market bank loans and Trust Receipt for the fiscal year ended 31st December, 2008. Average lending tenor for Trust Receipt in financing trading facilities was about 66 days during the course of 2008, 5 days longer than 61 days for the fiscal year ended 31st December, 2007. Money-Market bank loans were either used to finance inventory held in warehouse or securities assets purchased in same foreign currencies. Average interest rate charged to trust receipt borrowings was 3.38% during year when compared with 5.40% for the fiscal year ended 31st December, 2007. Average total bank borrowing interest rate charged at 3.37% during the year when compared with 5.33% for the fiscal year ended 31st December, 2007. Total interests cost during the year 2008 accounted HK$12.3 million (Fiscal Year 2007: HK$26.3 million).

In the event of persistent economic downturn and the significant loss incurred by the Group for the fiscal year of 2008, the Group's Board of Directors has issued a profit warning on 8th January, 2009 in accordance with Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. In early of 2009, the Group's management had discussed the Group's financial situation with all our major banks regarding the Group's cash flow situation and associated debt facilities on financing trading activities in 2009. Anticipating slower sales turnover and uncertainty of future market condition, total banking facilities granted to the Group reduced to HK$802.3 million as at 28th, February, 2009.

Corporate Governance Report

1. CORPORATE GOVERNANCE PRACTICES

The Board of Kee Shing Group is committed to establish and maintain high standards of corporate governance – the process by which the Group is directed and managed, risks are identified and controlled and accountability assured.

This Corporate Governance Report is to outline the major principles of the Company's governance. It intends to describe how the Group has applied the Code Provisions set out in the Code on Corporate Governance Practices ("the Code") contained in Appendix 14 to the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited ("The Stock Exchange"). It also highlights key changes and/or progress of the Company made to comply with the Code. Shareholders are encouraged to make their views known to the Group with concerns of the Company's corporate governance issues and to directly raise any matters of concerns to the Chairman. The Chairman will be present in the Annual General Meeting to be held on 3rd June, 2009 to share views on matters of concerns.

During the accounting period ended 31st December, 2008, the Board considers that the Kee Shing Group has met and complied with the Code Provisions in the Code

2. DIRECTORS' SECURITIES TRANSACTIONS

In accordance with the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers ("the Model Code") contained in Appendix 10 of the Listing Rules, the Kee Shing Group 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. For the accounting period ended 31st December, 2008, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's codes of conduct regarding Directors' securities transactions.

3. MAJOR GOVERNANCE PRINCIPLES

3.1 Board of Directors

Board Composition

Throughout the accounting period ended 31st December, 2008, the Board has 8 members. Of these, four, including Chairman, are executive directors and four are non-executive directors. The names and biographical details of each director are set out on page 18 of the annual report. The Board met five times during the financial year and the majority of the directors participated in each meeting. Attendance of each director at these meetings is shown in the table below:

	Attended in person	Apologies given
Executive Directors:		
Mr. Leung Shu Wing *(Chairman)*	4	1
Miss. Leung Miu King, Marina *(Managing Director)*	5	–
Mr. Wong Chi Kin	5	–
Mr. Wong Choi Ying *(Company Secretary)*	5	–
Non-Executive Directors:		
Mr. Yuen Tin Fan, Francis	4	1
Mr. Wong Kong Chi *(Independent)*	5	–
Mr. Lai Chung Wing, Robert *(Independent)*	5	–
Mr. Chan Wing Lee *(Independent)*	5	–

Role and responsibilities

The Board is collectively responsible for the success and interest of the Group through leadership and supervisions. The principal tasks of the Board are:

- Provide entrepreneurial leadership of the Company with a framework of prudent and effective controls which enables risks to be assessed and managed.
- Set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.
- Set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

The Board approved a Schedules of Matters Reserved for the Board on 10th August 2005, which set out the Board's duties and activities and the matters reserved for its consideration and decision. The matters that the Board has specifically reserved for its decisions include establishment of the Group's long term objectives and commercial strategy, approval and monitoring of budgets, changes of the Group's corporate structure, capital and listing status, approval of financial statements and announcement of results, declaration of dividends, approval of material transactions, appointment and remuneration of board members and senior executives, and other matters more specifically described in the schedule.

No event or condition of material uncertainties was found that may cast significant doubt about the Company's ability to continue as a going concern during the year. The directors of the Board are responsible for the preparation and the true and fair presentation of the financial statements, in all material respects, in accordance with applicable regulatory requirements.

Skills, knowledge, experience and attributes of Directors

All of the directors of the Board served full year in office during 2008. Every director commits to give sufficient time and attention to the affairs of the Company. Directors also demonstrate their understanding and commit to high standards of governance. Executive directors bring their perspectives to the Board through their deep understanding of the Group's business. Non-executive directors contribute their own skill and experience, understanding of local and global economies, and knowledge of capital markets to the Group's business. The Company is responsible for arranging and funding a suitable development programme for all directors of continuous professional development to develop and refresh their knowledge and skills.

Responsibilities between the Board and management

The Group has formed strong management teams in its business areas, comprising both executive directors and senior officers, to develop and exercise both operational and non-operational duties. The management team members have ranges of skills, knowledge and experiences necessary to govern the Group's operation. All management team members are required to report directly to the Managing Director. They are also required to meet with the Chairman, Managing Directors and other Board's executive directors on a regular basis to report business performances and operational and functional issues. This will allow the Group's management to focus resources more efficiently in decision-making and facilitate daily operation. The names and biographical details of each senior officer are set out on page 19 of the annual report.

The Board and management fully appreciate their respective roles and are committed to good corporate governance. The Board is responsible for overseeing the processes by which the management identifies business opportunities and risks. The Board's role is not to manage the business and the responsibility of which remains vested in management. The Board has set up a formal schedule of matters specifically reserved for the Board's decision. Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committee. In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

Induction and Training

Each new director, executive or non-executive, commits to undertake an induction programme to ensure that he has a proper understanding of his duties and responsibilities. The induction programme includes an overview of the Group's business operation, the Board procedures, matter reserved to the Board, an introduction of the Board Committee, directors' responsibilities and duties, relevant regulatory requirements, copies of minutes of the Board and Board Committees in the past 12 months, and briefings with senior management and site visits (if necessary). The need for director trainings is regularly assessed by the Board. In the fiscal year of 2008, no new Director was appointed.

Independent Advice

The Board and its Committees may seek advice from independent professional advice whenever it is considered appropriate. Individual director, with the consent of the Chairman of the Board and/or the Chairman of the Audit Committee, may seek independent professional advice on the matter connected with the Company to discharge of his/her responsibility, at the Group's expense. No director exercised his/her right during the year.

Independence of non-executive director

Three Independent Non-Executive Directors, namely Mr. Wong Kong Chi, Mr. Lai Chung Wing, Robert, and Mr. Chan Wing Lee, are considered to be independent of management within the guidelines set out in Listing Rule 3.13. They are free from any business relationship or other circumstances that could materially interfere with the exercise of independent or objective judgment. Also, the three independent non-executive directors, representing over one-third of the Board, constitute a proper balance of power maintaining for full and effective control of both the Group and its executive management.

Relationships and Associations

Mr. Leung Shu Wing, the Chairman of the Board, is the father of Miss. Leung Miu King, Marina, who is the Managing Director of the Board. Other than these two individuals, there is no member of the Board involved into any financial, business, family or other material relationship with other members of the Board.

Company Secretaries

The Company Secretary, Mr. Wong Choi Ying, who is also an executive director of the Board, is responsible to keep detailed minutes of each meeting including any dissenting views expressed by the directors. He is also responsible to ensure the Board procedures are complied with and advises the Board on governance matters. All agenda, relevant materials and document are sent out at least 3 days prior the intended date before the Board or the Committee meeting. The Company Secretary sent the draft version of the Board and Committee minutes to all directors for comments within reasonable time after the Board or the Committee and final versions of the Board and Committee minutes are also sent to all directors for record. Moreover, he is responsible for keeping all directors updated on Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company.

3.2 Chairman and Managing Director

The Board approved the defined role of the Chairman and the Managing Director on 10th August, 2005, which has set out the roles of the Chairman and Managing Director are segregated and are not exercised by the same person.

The Chairman of the Board, Mr. Leung Shu Wing, leads the Board and facilitates the business of the Board and individual director effectiveness, both inside and outside the boardroom. The Chairman plays a key role in the development of the Group's strategy and in ensuring management succession. He also ensures that the principles and processes of the Board are maintained. Throughout the year, he encourages constructive discussion, criticism or debate conducted in the Board and, where appropriate, any matters proposed by other directors for inclusion in the agenda. In conjunction with the Company Secretary, the Chairman sets agenda for meeting of the Board and ensures all directors receiving adequate, complete and reliable information in a timely manner. The Chairman commits to present shareholders' views to the Board and to represent the Board to communicate with shareholders. He also facilitates the relationship among the Board members and ensures the effective contribution of the non-executive directors to the Board.

The Managing Director, Miss Leung Miu King, Marina, is responsible to lead executive management of the Group. The Board sets limits to the authorities exercisable by the Manager Director and the Managing Director remains accountable to the Board within the limits of delegated authority. The Managing Director commits to take overall responsibilities for the supervision and the conducts of the Company business and its ordinary operation, in accordance with the policies, strategies and objectives established by the Group. The Board is responsible to monitor the performance of the Manager Director and to ensure whether the Board's objective has been attained.

3.3 Appointment, Re-election and Removal

All four non-executive directors, including Messrs. Wong Kong Chi, Lai Chung Wing, Robert, Chan Wing Lee and Yuen Tin Fan, Francis, have entered into service agreements issued on 25th October, 2007 with the Company for a specific term of two years effective on 8th November, 2007.

There is no nomination committee set up in the Group. At least one third of directors of the Board, including those appointed for a specific term, retire at each Annual General Meeting pursuant to the Company's existing Articles of Association. All executive director of the Company are not appointed for a fixed term but must submit themselves to shareholders for re-election after three years. Newly appointed Directors must submit themselves to shareholders for elections at the first Annual General Meeting following their appointment pursuant to the Company's existing Articles of Association.

3.4 Remuneration of Directors and Senior Officers

The Remuneration Committee met once during the year. The members of the Committee include three independent non-executive directors, Mr. Wong Kong Chi, Mr. Lai Chung Wing, Robert and Mr. Chan Wing Lee and one executive director, Mr. Wong Chi Kin. Mr. Wong Kong Chi serves as the Chairman of the Remuneration Committee. Attendance of each director at these meetings is shown in the table below:

	Attended in person	Apologies given
Non-Executive Directors:		
Mr. Wong Kong Chi *(Independent)*	1	–
Mr. Lai Chung Wing, Robert *(Independent)*	1	–
Mr. Chan Wing Lee *(Independent)*	1	–
Executive Director:		
Mr. Wong Chi Kin	1	–

Role and function

The role of the Committee is to assist the Board to oversee the policy and structure of the remuneration to executive directors of the Company and senior officers of the Group, and to approve specific remuneration packages of all executive directors and senior officers. The duties and responsibilities of the Remuneration Committee are more specifically set out in its Terms of Reference, which is available for inspection at the Company's website www.keeshing.com or by making request to the Company Secretary.

Principles of remuneration policy

The principles of the Group's remuneration policy are:

– applied to all directors and senior officers for the year of 2008 and, so far as practicable, for subsequent years;
– sufficiently flexible to take account of future changes in the company's business environment and remuneration practice;
– remuneration arrangement be designed to support the business strategy and to align with the interests of the Group's shareholders;
– total reward levels be set at appropriate levels to reflect the competitive market in which the companies and the Group are operating during the year so as to position the best individual for outstanding performance;
– performance-related remuneration be making up at most 55% of the total potential remuneration for executive directors and senior officers;
– performance-related remuneration be subject to the satisfaction of performance over short and long term targets, and the targets be set in the context of the Group's prospects, the prevailing economic environment in which it operates and the relative performance of comparable companies.

Remuneration Rules and Structure

Under the policy's rules, the remuneration package of each executive director and senior officers is structured to include:

– an appropriate rate of base compensation for the job of each executive director and senior officers;
– competitive benefit programmes;
– sets of performance measures and targets for performance-related annual and long-term incentive plans based on the appropriate independent advice and/or an assessment of the interests of shareholders of the company and taking into account an appropriate balance of risk and reward for the directors and other participants.

The Committee is responsible to determine whether the preset targets are being met based on the relevant information. Annual review of the base compensation is required. Also it is required to a set of annual targets on different performance measures for each executive director and senior officer, approve the maximum level of total annual bonus over monthly salary as well as the shares of contributions against each performance measure if target is achieved.

The work and findings together with recommendation of the Committee was presented to the Board after the Remuneration Committee meeting. Minutes of the meeting were made available to all the directors' inspection. No Director was involved in deciding his own remuneration, whether determined by the Remuneration Committee, or in the case of non-executive directors, by the Board.

3.5 Auditors' Remuneration

The Board, on the recommendation of Audit Committee, approved the appointment of Deloitte Touche Tohmatsu to perform its audit services to the Group for the fiscal year of 2008. Deloitte Touche Tohmatsu has been the Group's appointed external auditor since its public listing in 1989. A letter from Deloitte Touche Tohmatsu dated 8th April, 2009 has stated that it complies with the Professional Ethics Statement 1.203A "Independence for Assurance Engagements" and Professional Ethics Guidance 1.308 "Independence for Assurance Engagements" issued by the Hong Kong Institute of Certified Public Accountant.

During the financial year of 2008, total fees paid to the Group's appointed external Hong Kong auditors, Deloitte Touche Tohmatsu, amounted to HK$2,109,389 of which HK$517,900, or 24.6%, were fees for non-audit services, including taxation, interim review for the period ended 30th June, 2008, review of enterprise resources system and other consultancy services.

3.6 Audit Committee

The Audit Committee consists of three independent non-executive directors namely Mr. Wong Kong Chi, Mr. Lai Chung Wing, and Mr. Chan Wing Lee. Mr. Wong Kong Chi served as the Chairman of the Audit Committee throughout the financial year. External auditors, executive directors and the Group Assistant Financial Controller were invited to attend all Audit Committee meetings. The Audit Committee met three times during the financial year. Attendance of each member at these meetings is shown in the table below:

	Attended in person	Apologies given
Non-Executive Directors:		
Mr. Wong Kong Chi *(Independent)*	3	–
Mr. Lai Chung Wing, Robert *(Independent)*	3	–
Mr. Chan Wing Lee *(Independent)*	3	–

Terms of Reference of the Audit Committee are available for inspection at the Company's website ¡ or by making request to the Company Secretary.

The Audit Committee is required, amongst other things, to oversee the relationship with external auditor, review the Company's annual and interim financial statements, and evaluate the Group's effectiveness of the system of internal controls and risk management.

The Audit Committee assists the Board in assuring the integrity of the financial statements. It evaluates and makes recommendations to the Board about the appropriateness of accounting policies and practices, area of judgment, compliance with Hong Kong Financial Reporting Standards and other legal requirements and the results of external audit. It reviews interim and yearly financial statements, reports its work and findings to the Board and makes recommendation on specific actions or decision the Board should consider after each Audit Committee meeting. Minutes of each meeting are kept by the Company Secretary and made available to all Directors.

The Audit Committee also manages the relationship with the External Auditor on behalf of the Board. It recommends to the Board external auditor for appointment and the terms of engagement, including remuneration. The Committee is required to review the integrity, independence and objectivity of the External Auditor. Also, it has examined the external auditor's independence including its engagement of non-audit services. Based on the review of the Audit Committee, the Broad is satisfied that the External Auditor is independent. The External Auditor also expressed an opinion their reporting responsibilities in the "Independent Auditor's Report" set out on page 24 of the annual report..

The Audit Committee is required to ensure the system of internal control is in place for identifying and managing risk. The Committee has reviewed the effectiveness of internal controls for the financial year of 2008. The review covered financial, operational and compliance controls and risk assessment of the Group and its subsidiaries. The Board is satisfied that the effectiveness of the internal control has been properly reviewed by the Audit Committee.

3.7 Internal Controls

It is the responsibility of the Board to ensure the Group maintains sound and effective internal controls to safeguard the shareholders' interests and assets. Each year the Board reviews the effectiveness of the system of internal controls of the Group and to report the results to the shareholders. This annual review covers all material controls, including financial, operational and compliance controls and risk management functions.

System of Internal Controls

Each year the Board reviews and considers the risk profile for the whole business. The Broad has delegated the oversight of risk management to the Audit Committee. Also the Broad requires the Managing Director to implement a system of control for identifying and managing risk. The Broad has constructed a framework for the assessment and management of risks to each division within the Group every year. When any deficiency of risk area or new risk arising was raised and presented, it is the Managing Director's responsibility to report to the Board for assessment; together with submission of proper control strategy or follow-up action taken.

For the fiscal year of 2008, no internal audit department was set up in the Group and the Board believed no such need was required in the year ahead.

Price Sensitive Information

The Group has also adopted the 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 responsibilities of all employees of the Group in dealing with the Group's information that is considered to be confidential.

Business Risks

Scope of business that the Group is operating engaged a range of risk factors that may impact overall results. Material risks that could negatively affect the results and performance of the Group include:

- Fluctuation of Metal Prices
- Fluctuation of currency exchange rates
- Failure to recover credits extended to customers
- Failure to control inventory level
- Impact of demand slowdown arising from global economic downturn
- Operating cost pressures
- Over-reliance on key suppliers
- Impact on changes of taxation in the countries in which we operate
- Fluctuation of investment markets
- Illiquid market condition under distress of global financial crisis
- Fluctuation of property markets located in Shanghai and Hong Kong
- Breaches in information technology security and failure in computer network system
- Sudden reduction of credit facilities granted by financial institutions
- Fraud and Dishonesty
- Adverse governmental policies and political events in the countries in which we operate
- Breaches in governance processes

The management of the Group has put in place a number of policies, processes and procedures to provide assurance to the Board on the integrity of effectiveness of the system of internal control and risk management. During the financial year of 2008, each division of the Group has reported an assessment overview for the effectiveness of controls for their activities, including any new risk area has been arisen during the year. Audit Committee of the Group has reviewed twice the overall Group's internal control system to monitor risks and controls of the Group. Two management committees also perform roles in relation of risk and control. Metal Committee reviews the internal controls to metal price risk and inventory risk of electroplating trading business. Investment Committee provides an oversight of securities investment environment. The Managing Director has formally presented the risk management of the Group and internal control structure to the Board at the end of 2008.

The directors of the Board confirmed it has reviewed the effectiveness of the system of internal control of the Group during the financial year of 2008 and considered the internal control systems are effective and adequate.

3.8 Communication with Shareholders

The Group strives to disclose relevant information on its activities to shareholders in an open and timely manner, subject to applicable legal requirements. Communication is achieved through:

– The Company's annual and interim reports which have been enhanced to present a balanced, clear and comprehensive assessment of the Group position and prospects;
– Notices of annual and other general meetings and accompanying explanatory materials;
– Press releases on major development of the Group;
– Disclosures to Stock Exchange and relevant regulatory bodies;
– Response to inquiries from shareholders or media by the Company Secretary;
– Company's website at *www.keeshing.com* making available, among other things, corporate announcements, press releases, annual reports, and general corporate information of the Group.

Constructive use of Annual General Meetings

The Board values the Annual General Meetings as the principal opportunity to meet shareholders. All executive directors and the chairman of the Audit Committee attended the Annual General Meeting held on 23rd May, 2008. Annual Report and Financial Statements and related papers are posted to shareholders for their consideration at least 35 days prior to the Annual General Meeting. Annual General Meeting proceedings are continually reviewed in the light of corporate governance best practices.

4. FINANCIAL REPORTING

The Board believes that it presents a balanced, clear and comprehensive assessment of the Group position and prospects in all written communication with shareholders. The Board also fully appreciates its responsibilities regarding the preparation of financial statements. The management team provides explanation and information to the Board so as the Board is able to make informed assessment of the financial and other information presented before the Board for approval.

Directors' Profiles

EXECUTIVE DIRECTORS

Mr. Leung Shu Wing, aged 70, is the founder of the Group and the Chairman of the company. Mr. Leung has over 44 years of experience in trading of electroplating materials and chemicals. He is currently responsible for the Group's strategic planning.

Miss Leung Miu King, Marina, aged 39, the daughter of Mr. Leung Shu Wing, joined the Group in November, 1995. She holds a bachelor degree of business administration from the University of San Francisco. Miss Leung has over one year's experience in trade finance with a bank in Hong Kong. She is the Managing Director of the Group.

Mr. Wong Chi Kin, Herbert, aged 58 joined the Group in 1984. He has over 35 years of experience in metal trading. Mr. Wong is the managing director of Kee Shing Hardware Supplies Ltd., a subsidiary of the Group which is engaged in trading of stainless steel.

Mr. Wong Choi Ying, Aaron, aged 56 joined the Group in 1988. He holds a bachelor degree of business administration from the Chinese University of Hong Kong, a fellow of the Chartered Association of Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 29 years of experience in financial management. He worked for Tai Sang Land Development Limited for over five years before joining the Group. He is the Finance Director and Company Secretary of the Group. He is responsible for the Group's financial planning and management.

NON-EXECUTIVE DIRECTOR

Mr. Yuen Tin Fan, Francis, aged 56 is Chairman of Tien Fung Hong Group of companies. He is deputy Chairman of Singapore-based Pacific Century Regional Development Limited. He is also an independent non-executive director of China Foods Limited and China Pacific Insurance (Group) Co., Ltd. From 1988 to 1991, he was the chief executive of The Stock Exchange of Hong Kong Limited. Mr. Yuen is also a member of Shanghai People's Political Consultative Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kong Chi, aged 51, is a certified public accountant. Mr. Wong retired in 1993 after working in the merchant banking industry for over 10 years. He is also an independent non-executive director of Yip's Chemical Holdings Limited.

Mr. Lai Chung Wing, Robert, aged 61, is an independent non-Executive Director of Kingboard Chemical Holdings Limited, a public company listed on the Stock Exchange of Hong Kong Limited. He holds a Bachelor-of-Laws (Honours) degree from the University of London and is currently involved in business consultancy work in the Asia-Pacific region. He has extensive experience in trading and investment. He was previously the managing director of Seaunion Holdings Ltd. (now known as South Sea Petroleum Holdings Ltd.), an oil and gas company listed on The Stock Exchange of Hong Kong Limited. He was also an independent non-executive director of Kingboard Copper Foils Holdings Limited, a publicly listed company on the Stock Exchange of Singapore, until February, 2009.

Mr. Chan Wing Lee, aged 70, has over 36 years of commercial banking experience. He has had extensive banking experience and numerous relationships with clients in a variety of industries. He also has had deep understanding of Hong Kong and China business environment settings. He was previously an executive director of DBS Kwong On Bank Limited (now known as DBS Bank (Hong Kong) Limited).

Senior Management Profiles

Mr. Chan Yuet Lung, Frankie, aged 54, joined the Group in 1988. He holds a degree in business administration from California State University, Long Beach. Prior to his joining the Group, he had worked for Cafe De Coral group of companies for 9 years. He has 31 years of experience in management sales and marketing. Mr. Chan is the Director and General Manager of Kee Shing Industrial Products Limited, a subsidiary of the Group which is engaged in trading of electroplating chemicals and metals.

Mr. Wong Siu Hung, Rico, aged 50, joined the Group in 1987. He has over 28 years of experience in China trade. Mr. Wong is the Director and General Manager of Sam Wing International Limited, a subsidiary of the Group which is engaged in trading paints and coating chemicals.

Madam Kwai Ah Ning, Annie, aged 59, joined the Group in 1996. Madam Kwai holds a bachelor degree in Business Economics from Shanghai Administrative Institute. Prior to joining the Group, she had over 25 years of experience working in electronic technology, administrative management and international trading business. She is the General Manager of Kee Shing Property Consultants (Shanghai) Company Limited, a subsidiary of the Group which is engaged in managing investment properties in Shanghai.

Mr. Kee Wei Lee, aged 36, joined the Group in July 2004. He holds a Bachelor of Arts and Master of Engineering (Chemical Engineering) from the University of Cambridge. Prior to joining the Group, he worked in ExxonMobil Chemical for six years, with experience in technical, planning and management roles. Mr. Kee is a Director and chemical division manager of KSIP (Singapore) Pte Limited, a subsidiary of the Group which is engaged in trading electroplating chemicals and metals.

Mr. Leung Chi Lam, Stanley, aged 44, joined the Group in 1990. He holds a bachelor degree of chemistry from the Chinese University of Hong Kong. He has over 21 years of experience in electroplating industry. He is the General Manager of Engotech Limited, a subsidiary of the Group which is engaged in trading electroplating chemicals and solutions.

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31st December, 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2008 are set out in the consolidated income statement on page 25.

An interim dividend of 2.5 cents per share, amounting to HK$11,138,000, was paid to the shareholders of the Company during the year. The directors do not recommend the payment of a final dividend.

INVESTMENT PROPERTIES

All of the investment properties of the Group were revalued at 31st December, 2008, as set out in note 13 to the consolidated financial statements. The net increase in fair value of investment properties, which has been credited directly to profit or loss, amounted to HK$27,106,000.

Particulars of the investment properties of the Group as at 31st December, 2008 are set out on page 64.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31st December, 2008, the Company's reserves available for distribution to shareholders comprised the accumulated loss of HK$4,086,000 (2007: retained profits of HK$181,920,000).

Details of the Company's distributable reserves are set out in note 29 to the consolidated financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:
Leung Shu Wing – *Chairman*
Leung Miu King
Wong Chi Kin
Wong Choi Ying

Non-executive director:
Yuen Tin Fan, Francis

Independent non-executive directors:
Wong Kong Chi
Lai Chung Wing, Robert
Chan Wing Lee

In accordance with Article 116 of the Company's Articles of Association, Messrs. Leung Miu King, Wong Choi Ying and Chan Wing Lee retire by rotation and, being eligible, offer themselves for re-election.

The non-executive director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company with a term of two years.

All the executive directors, including those proposed for re-election at the forthcoming annual general meeting, have service contracts with the Company with no fixed term of year.

All of the independent non-executive directors have service contracts with a term of two years.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES

At 31st December, 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	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%
		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:

1. 26,984,000 shares in the Company are owned by Tien Fung Hong Group Limited, a company which is 60% owned by Mr. Yuen Tin Fan, Francis.

2. 74,770,000 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 31st December, 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 year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

(a) Interests in the Company

As at 31st December, 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 31st December, 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 31st December, 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2008, the aggregate turnover attributable to the Group's five largest customers was less than 15% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers accounted for 77% of the Group's total purchases and the purchases attributable to the Group's largest supplier was 32% of the total purchases.

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

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

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument policy of the senior employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st December, 2008.

AUDITOR

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

On behalf of the Board

LEUNG SHU WING
Chairman

8th April, 2009

Independent Auditor's Report

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF KEE SHING (HOLDINGS) LIMITED
奇盛（集團）有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Kee Shing (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 63 which comprise the consolidated and Company's balance sheets as at 31st December, 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
8th April, 2009

Consolidated Income Statement

For the year ended 31st December, 2008

	NOTES	2008 HK$'000	2007 HK$'000
Turnover	4	**1,782,553**	2,771,092
Other income	5	**9,810**	6,790
Changes in inventories of finished goods		**(94,283)**	(68,135)
Purchases of goods held for resale		**(1,596,388)**	(2,551,266)
Raw materials and consumables used		**(44,205)**	(48,760)
Staff costs		**(26,287)**	(27,529)
Depreciation		**(1,951)**	(2,639)
Write-down of inventories		**(20,647)**	–
Other expenses		**(48,486)**	(27,035)
Loss on disposal of available-for-sale investment		**(20)**	–
(Loss) gain arising from changes in fair value of investments held for trading		**(62,064)**	11,467
Gain arising from change in fair value of foreign exchange yield linked deposit		**58**	847
Gain arising from changes in fair value of investment properties		**27,106**	73,304
Finance costs	6	**(12,342)**	(26,337)
(Loss) profit before taxation		**(87,146)**	111,799
Income tax expense	7	**(1,812)**	(9,953)
(Loss) profit for the year	8	**(88,958)**	101,846
Attributable to:			
Equity holders of the Company		**(89,227)**	94,974
Minority interests		**269**	6,872
		(88,958)	101,846
Dividends	11	**37,868**	44,550
(Loss) earnings per share – basic	12	**(HK20.03 cents)**	HK21.32 cents

Balance Sheets

At 31st December, 2008

	NOTES	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000	THE COMPANY 2008 HK$'000	THE COMPANY 2007 HK$'000
Non-current Assets					
Investment properties	13	**345,125**	320,406	**–**	–
Property, plant and equipment	14	**27,957**	28,890	**280**	415
Investments in subsidiaries	15	**–**	–	**30,594**	64,811
Interest in an associate	16	**453**	453	**–**	–
Available-for-sale investments	17	**–**	15,487	**–**	–
Foreign exchange yield linked deposit	18	**8,715**	8,657	**–**	–
Amounts due from subsidiaries	19	**–**	–	**302,590**	364,077
		382,250	373,893	**333,464**	429,303
Current Assets					
Inventories	20	**127,439**	221,734	**–**	–
Debtors, deposits and prepayments	21	**84,007**	228,035	**777**	388
Bills receivable	23	**3,536**	24,914	**–**	–
Investments held for trading	22	**125,964**	208,882	**–**	–
Taxation recoverable		**931**	4,837	**–**	–
Short term bank deposits	23	**33,721**	28,645	**–**	–
Bank balances and cash	23	**84,000**	107,824	**49**	147
		459,598	824,871	**826**	535
Current Liabilities					
Creditors and accrued charges	24	**38,559**	50,857	**41,116**	4,678
Amounts due to minority shareholders of subsidiaries	25	**6,446**	9,588	**–**	–
Taxation payable		**707**	2,280	**–**	–
Bank borrowings	26	**195,031**	425,989	**25,000**	25,000
Amounts due to subsidiaries	27	**–**	–	**96,257**	42,237
		240,743	488,714	**162,373**	71,915
Net Current Assets (Liabilities)		**218,855**	336,157	**(161,547)**	(71,380)
Total Assets Less Current Liabilities		**601,105**	710,050	**171,917**	357,923
Capital and Reserves					
Share capital	28	**22,275**	22,275	**22,275**	22,275
Reserves	29	**533,105**	642,534	**149,642**	335,648
Equity attributable to equity holders of the Company		**555,380**	664,809	**171,917**	357,923
Minority interests		**30,933**	30,055	**–**	–
Total Equity		**586,313**	694,864	**171,917**	357,923
Non-current Liabilities					
Deferred tax liabilities	30	**14,792**	15,186	**–**	–
		601,105	710,050	**171,917**	357,923

The financial statements on pages 25 to 63 were approved and authorised for issue by the Board of Directors on 8th April, 2009 and are signed on its behalf by:

Leung Shu Wing
DIRECTOR

Wong Choi Ying
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2008

	Attributable to equity holders of the Company								
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	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	–	–	–	1,229	–	–	1,229	–	1,229
Exchange differences arising on translation of the Group's foreign operations	–	–	–	–	1,422	–	1,422	778	2,200
Total income recognised directly in equity	–	–	–	1,229	1,422	–	2,651	778	3,429
Profit for the year	–	–	–	–	–	94,974	94,974	6,872	101,846
Total recognised income for the year	–	–	–	1,229	1,422	94,974	97,625	7,650	105,275
Dividends paid	–	–	–	–	–	(44,550)	(44,550)	(326)	(44,876)
At 31st December, 2007	22,275	153,728	18,840	(113)	4,363	465,716	664,809	30,055	694,864
Gain on structured bank deposits	–	–	–	93	–	–	93	–	93
Exchange differences arising on translation of the Group's foreign operations	–	–	–	–	17,553	–	17,553	1,006	18,559
Total income recognised directly in equity	–	–	–	93	17,553	–	17,646	1,006	18,652
(Loss) profit for the year	–	–	–	–	–	(89,227)	(89,227)	269	(88,958)
Release on disposal of structured bank deposits	–	–	–	20	–	–	20	–	20
Total recognised income (expense) for the year	–	–	–	113	17,553	(89,227)	(71,561)	1,275	(70,286)
Dividends paid	–	–	–	–	–	(37,868)	(37,868)	(397)	(38,265)
At 31st December, 2008	22,275	153,728	18,840	–	21,916	338,621	555,380	30,933	586,313

Consolidated Cash Flow Statement

For the year ended 31st December, 2008

	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(87,146)**	111,799
Adjustments for:		
Depreciation	**1,951**	2,639
Loss (gain) arising from changes in fair value of investments held for trading	**62,064**	(11,467)
Gain arising from changes in fair value of foreign exchange yield linked deposit	**(58)**	(847)
Impairment loss on bills receivable	**5,324**	–
Impairment loss on trade debtors	**11,628**	873
Reversal of impairment loss on trade debtors	**(1,532)**	(1,110)
Write-down of inventories	**20,647**	–
Gain arising from changes in fair value of investment properties	**(27,106)**	(73,304)
Finance costs	**12,342**	26,337
Loss on disposal of available-for-sale investment	**20**	–
Loss (gain) on disposal of property, plant and equipment	**28**	(45)
Interest income from bank deposits	**(2,742)**	(3,910)
Interest income from structured bank deposits	**–**	(130)
Operating cash flows before movements in working capital	**(4,580)**	50,835
Decrease in inventories	**73,467**	68,768
Decrease in debtors, deposits and prepayments	**133,589**	20,374
Decrease (increase) in bills receivable	**16,054**	(644)
Decrease (increase) in investments held for trading	**20,841**	(17,422)
Decrease in creditors and accrued charges	**(12,709)**	(34,121)
Cash generated from operations	**226,662**	87,790
Hong Kong Profits Tax refunded (paid)	**3,902**	(7,976)
Profits tax outside Hong Kong paid	**(4,626)**	(1,413)
NET CASH FROM OPERATING ACTIVITIES	**225,938**	78,401
INVESTING ACTIVITIES		
Purchase of foreign exchange yield linked deposit	**–**	(7,810)
Purchase of property, plant and equipment	**(1,109)**	(836)
Interest received from bank deposits	**2,742**	3,910
Interest received from structured bank deposits	**–**	130
Proceeds from disposal of investment properties	**20,898**	26,416
Proceeds from disposal of property, plant and equipment	**85**	71
Proceeds from disposal of available-for-sale investments	**15,580**	–
NET CASH FROM INVESTING ACTIVITIES	**38,196**	21,881
FINANCING ACTIVITIES		
Repayment of bank borrowings, net	**(230,898)**	(63,792)
Dividends paid	**(37,868)**	(44,550)
Interest paid	**(12,342)**	(26,337)
Dividends paid to minority shareholders of subsidiaries	**(397)**	(326)
Amounts repaid to minority shareholders of subsidiaries	**(3,142)**	(820)
NET CASH USED IN FINANCING ACTIVITIES	**(284,647)**	(135,825)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(20,513)**	(35,543)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**136,469**	171,170
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,765**	842
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**117,721**	136,469
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Short term bank deposits	**33,721**	28,645
Bank balances and cash	**84,000**	107,824
	117,721	136,469

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the section of Corporate Information of the annual report.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company. In addition, the functional currencies of some of the group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

During the year, the Group and the Company have applied the following amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have became effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 and the Company for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group and the Company have not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
[2] Effective for annual periods beginning on or after 1st January, 2009
[3] Effective for annual periods beginning on or after 1st July, 2009
[4] Effective for annual periods ending on or after 30th June, 2009
[5] Effective for annual periods beginning on or after 1st July, 2008
[6] Effective for annual periods beginning on or after 1st October, 2008
[7] Effective for transfers on or after 1st July, 2009

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(continued)*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) 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 the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The 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 explained in the accounting policies set out below.

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

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

Dividend income from investments, including financial assets at fair value through profit or loss, is recognised when the Group's right to receive payment is established.

Interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less accumulated subsequent depreciation and any identified impairment loss.

Certain of the Group's leasehold land and buildings were revalued at 31st December, 1991. The surplus arising on revaluation of land and buildings was credited to the property revaluation reserve. Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, plant and equipment" from the requirement to make regular revaluations of the Group's land and buildings which had been carried at revalued amounts prior to 30th September, 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to 30th September, 1995, the revaluation increase arising on the revaluation of these assets was credited to the revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to retained profits directly.

Depreciation are provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method, at the following rates per annum:

Leasehold land and buildings	2% to 2.5% or over the remaining term of the lease, whichever is the shorter
Furniture, fixtures and equipment	16% to 20%
Motor vehicles	16% to 25%
Plant and machinery	20%
Computer equipment	20% to $33^1/_3$%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

When an item of property, plant and equipment is transferred to investment property carried at fair value, if the carrying amount is increased, the surplus is credited directly to equity (property revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained profits directly.

Subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an investment in a joint venture.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including debtors, bills receivable, amounts due from subsidiaries, and bank balances and deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, held-to-maturity investments and loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade debtor or amount due from a subsidiary is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities

Financial liabilities (including creditors and accrued charges, amounts due to minority shareholders of subsidiaries, amounts due to subsidiaries and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Company issues a financial guarantee in respect of a banking facility of a subsidiary at nil consideration, the guarantee at fair value is initially recognised within creditors and accrued charges and deemed contribution within investment in subsidiary.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in creditors and accrued charges in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. Leasehold land which title is not expected to pass to the lessee by the end of the lease term, except for those that are classified and accounted for as investment properties under fair value model, is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease and accounted for a property, plant and equipment.

Borrowing costs

Borrowing costs are recognised in profit and loss in the year in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefits scheme

Payments to the Group's Mandatory Provident Fund Scheme and other defined contribution retirement schemes are charged as an expense when employees have rendered service entitling them to the contributions.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into the following divisions:

Sales of chemicals and metals – trading of electroplating materials, paint and coating chemicals and stainless steel

Property investment – rental income from leasing of office and residential properties

Securities investment – investing in various securities and generating investment income

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31st December, 2008

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover					
External sales	1,755,254	22,994	4,305	–	1,782,553
Inter-segment sales	–	2,440	–	(2,440)	–
Total turnover	1,755,254	25,434	4,305	(2,440)	1,782,553

Inter-segment sales are charged at prevailing market rates.

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Results					
Segment result	(50,964)	44,744	(63,214)	–	(69,434)
Interest income from bank deposits					2,742
Unallocated other income					5,010
Unallocated corporate expenses					(13,122)
Finance costs					(12,342)
Loss before taxation					(87,146)
Income tax expense					(1,812)
Loss for the year					(88,958)

At 31st December, 2008

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
Assets				
Segment assets	218,900	367,684	134,796	721,380
Interest in an associate	453	–	–	453
Unallocated corporate assets				120,015
Consolidated total assets				841,848
Liabilities				
Segment liabilities	27,574	8,500	482	36,556
Unallocated corporate liabilities				218,979
Consolidated total liabilities				255,535

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

For the year ended 31st December, 2008

Other information

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
Capital expenditure	307	802	–	1,109
Depreciation	1,037	914	–	1,951
Gain arising from changes in fair value of investment properties	–	27,106	–	27,106
Loss arising from changes in fair value of investments held for trading	–	–	62,064	62,064
Gain arising from change in fair value of foreign exchange yield linked deposit	–	–	58	58
Loss on disposal of available-for-sale investments	–	–	20	20
Loss on disposal of property, plant and equipment	28	–	–	28
Impairment loss on trade debtors and bills receivable, net	15,420	–	–	15,420
Write-down of inventories	20,647	–	–	20,647

For the year ended 31st December, 2007

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover					
External sales	2,749,299	17,349	4,444	–	2,771,092
Inter-segment sales	–	1,343	–	(1,343)	–
Total turnover	2,749,299	18,692	4,444	(1,343)	2,771,092

Inter-segment sales are charged at prevailing market rates.

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Results					
Segment result	44,982	85,462	15,506	–	145,950
Interest income from bank deposits and structured bank deposits					4,040
Unallocated other income					2,750
Unallocated corporate expenses					(14,604)
Finance costs					(26,337)
Profit before taxation					111,799
Income tax expense					(9,953)
Profit for the year					101,846

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

At 31st December, 2007

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
Assets				
Segment assets	480,067	342,483	233,175	1,055,725
Interest in an associate	453	–	–	453
Unallocated corporate assets				142,586
Consolidated total assets				1,198,764
Liabilities				
Segment liabilities	39,384	7,485	364	47,233
Unallocated corporate liabilities				456,667
Consolidated total liabilities				503,900

Other information

	Sales of chemicals and metals HK$'000	Property investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
Capital expenditure	530	306	–	836
Depreciation	1,720	919	–	2,639
Gain arising from changes in fair value of investment properties	–	73,304	–	73,304
Gain arising from changes in fair value of investments held for trading	–	–	11,467	11,467
Gain arising from change in fair value of foreign exchange yield linked deposit	–	–	847	847
Gain on disposal of property, plant and equipment	–	45	–	45
Reversal of impairment loss on trade debtors, net	237	–	–	237

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Geographical segments

The Group's operations are located in Hong Kong, Taiwan, elsewhere in the People's Republic of China ("PRC") and Singapore.

The Group's sales of chemicals and metals are carried out in Hong Kong, Taiwan, elsewhere in the PRC and Singapore. Property investment is carried out in Hong Kong, elsewhere in the PRC and Singapore. Securities investment is carried out in Hong Kong and Singapore.

The following table provides an analysis of the Group's turnover by locations of customers:

	Revenue by geographical market	
	2008	2007
	HK$'000	HK$'000
Hong Kong	**1,174,954**	2,071,545
Taiwan	**246,705**	382,160
Singapore	**128,819**	175,610
Elsewhere in the PRC	**131,950**	138,986
Others	**100,125**	2,791
	1,782,553	2,771,092

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located, or in the case of securities investment, by locations of the stock exchanges or the issuers of the funds:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	At 31.12.2008	At 31.12.2007	**Year ended 31.12.2008**	Year ended 31.12.2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**242,036**	431,755	**174**	158
Taiwan	**22,338**	65,740	**–**	316
Singapore	**25,821**	46,789	**–**	–
Elsewhere in the PRC	**332,623**	313,748	**935**	–
Others	**98,562**	197,693	**–**	362
	721,380	1,055,725	**1,109**	836

5. OTHER INCOME

Included in other income is interest income from bank deposits and structured bank deposits of HK$2,742,000 and nil (2007: HK$3,910,000 and HK$130,000) respectively.

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

	2008	2007
	HK$'000	HK$'000
The tax charge attributable to the Group comprises:		
Current taxation		
Hong Kong Profits Tax	**64**	995
Profits tax outside Hong Kong	**3,059**	2,853
	3,123	3,848
Overprovision in prior years		
Hong Kong Profits Tax	**(95)**	(42)
Profits tax outside Hong Kong	**(153)**	(381)
	(248)	(423)
	2,875	3,425
Deferred taxation (Note 30)		
Current year	**1,740**	6,528
Effect of change in tax rate	**(2,803)**	–
	(1,063)	6,528
	1,812	9,953

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for year ended 31st December, 2008. 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 deferred tax balance has been adjusted to reflect the tax rate that are expected to apply in the respective periods when the liability is settled.

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

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No.63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and the Implementation Regulations changed the tax rate of relevant subsidiaries of the Company to 7.5% (2007: 10%) from 1st January, 2008 onwards.

Details of deferred taxation are set out in note 30.

7. INCOME TAX EXPENSE *(continued)*

The tax charge for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	Hong Kong		Elsewhere in the PRC		Other countries		Total	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
(Loss) profit before taxation	**(111,658)**	17,491	**48,598**	82,176	**(24,086)**	12,132	**(87,146)**	111,799
Applicable tax rate	**16.5%**	17.5%	**7.5%**	10%	**19%**	21.5%		
Tax at the applicable income tax rate	**(18,424)**	3,061	**3,645**	8,218	**(4,576)**	2,608	**(19,355)**	13,887
Tax effect of expenses not deductible for tax purpose	**7,547**	1,104	**1,095**	629	**2,597**	75	**11,239**	1,808
Tax effect of income not taxable for tax purpose	**(1,104)**	(2,925)	**(105)**	(851)	**(37)**	(1,826)	**(1,246)**	(5,602)
Tax effect of utilisation of tax losses previously not recognised	**(640)**	(936)	**–**	–	**–**	–	**(640)**	(936)
Tax effect of unrecognised tax loss	**12,526**	1,452	**–**	–	**1,719**	–	**14,245**	1,452
Tax effect on change in tax rate	**(166)**	–	**(2,637)**	–	**–**	–	**(2,803)**	–
Tax effect on different tax rate of operations in other jurisdiction	**–**	–	**–**	–	**258**	(365)	**258**	(365)
Overprovision in prior years	**(95)**	(42)	**–**	(289)	**(153)**	(92)	**(248)**	(423)
Others	**(13)**	3	**337**	129	**38**	–	**362**	132
Tax (credit) charge for the year	**(369)**	1,717	**2,335**	7,836	**(154)**	400	**1,812**	9,953

8. (LOSS) PROFIT FOR THE YEAR

	2008 HK$'000	2007 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration		
– current year	**1,809**	1,804
– (over)underprovision in the prior year	**(32)**	116
	1,777	1,920
Impairment loss on trade debtors included in other expenses	**11,628**	873
Impairment loss on bills receivable included in other expenses	**5,324**	–
Loss on disposal of property, plant and equipment	**28**	–
Net foreign exchange loss	**6,723**	110
Rental payments in respect of properties under operating leases	**1,979**	2,502
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	**700**	632
and after crediting:		
Dividend income from investments held for trading	**2,979**	3,360
Gain on disposal of property, plant and equipment	**–**	45
Reversal of impairment loss on trade debtors	**1,532**	1,110
Gross rental income from investment properties	**22,994**	17,349
Less: direct operating expenses from investment properties that generated rental income during the year	**(5,356)**	(5,191)
	17,638	12,158

9. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2007: 8) directors were as follows:

	Leung Shu Wing HK$'000	Leung Miu King HK$'000	Wong Chi Kin HK$'000	Wong Choi Ying HK$'000	Yuen Tin Fan, Francis HK$'000	Wong Kong Chi HK$'000	Lai Chung Wing, Robert HK$'000	Chan Wing Lee HK$'000	Total 2008 HK$'000
Fees	–	–	–	–	300	150	300	300	1,050
Other emoluments									
Salaries and other benefits	873	895	530	927	–	150	–	–	3,375
Contributions to retirement benefits schemes	–	12	12	12	–	–	–	–	36
Total emoluments	873	907	542	939	300	300	300	300	4,461

	Leung Shu Wing HK$'000	Leung Miu King HK$'000	Wong Chi Kin HK$'000	Wong Choi Ying HK$'000	Yuen Tin Fan, Francis HK$'000	Wong Kong Chi HK$'000	Lai Chung Wing, Robert HK$'000	Chan Wing Lee HK$'000	Total 2007 HK$'000
Fees	–	–	–	–	300	150	300	300	1,050
Other emoluments									
Salaries and other benefits	822	865	516	905	–	150	–	–	3,258
Contributions to retirement benefits schemes	–	12	12	12	–	–	–	–	36
Performance related incentive payments (Note)	686	656	139	180	–	–	–	–	1,661
Total emoluments	1,508	1,533	667	1,097	300	300	300	300	6,005

Note: The performance related incentive payment was determined based on the Group's performance for the year ended 31st December, 2007.

No directors waived any emoluments for the year ended 31st December, 2007 and 2008.

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31st December, 2008.

10. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included three directors (2007: three directors), details of whose emoluments are included in the amounts disclosed in note 9 above. The emoluments of the remaining two (2007: two) highest paid employees, other than directors of the Company, are as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other benefits	**2,167**	2,060
Performance related incentive payments	**–**	214
Retirement benefits scheme contributions	**24**	24
	2,191	2,298

Their emoluments were within the following bands:

	2008 Number of employees	2007 Number of employees
HK$1,000,001 to HK$1,500,000	**2**	2

11. DIVIDENDS

	2008 HK$'000	2007 HK$'000
Dividends recognised as distributions during the year:		
Interim dividend paid in respect of 2008 of 2.5 cents (2007: 4 cents) per ordinary share	**11,138**	17,820
Final dividend paid in respect of 2007 of 6 cents (2006: 6 cents) per ordinary share	**26,730**	26,730
	37,868	44,550

No dividend was proposed since the balance sheet date.

12. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to equity holders of the Company is based on the loss for the year of HK$89,227,000 (2007: profit of HK$94,974,000) and on 445,500,000 ordinary shares (2007: 445,500,000 ordinary shares) in issue during the year.

No diluted (loss) earnings per share have been presented as there were no dilutive potential ordinary shares in issue in either 2008 or 2007.

13. INVESTMENT PROPERTIES

	THE GROUP HK$'000
VALUATION	
At 1st January, 2007	273,275
Exchange realignment	243
Increase in fair value	73,304
Disposal	(26,416)
At 31st December, 2007	320,406
Exchange realignment	18,511
Increase in fair value	27,106
Disposal	(20,898)
At 31st December, 2008	345,125

The Group's investment properties comprise:

	2008 HK$'000	2007 HK$'000
Properties held under medium-term leases:		
– in Hong Kong	**17,220**	18,250
– elsewhere in the PRC	**274,744**	236,800
	291,964	255,050
Properties held under long leases:		
– elsewhere in the PRC	**49,223**	61,400
– overseas	**3,938**	3,956
	345,125	320,406

The fair value of the Group's investment properties located in Hong Kong, elsewhere in the PRC and Singapore as at 31st December, 2008 and 31st December, 2007 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 these properties was signed by a director of Knight Frank Petty Limited who is a member of the Hong Kong Institute of Surveyors, and has 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 year gave rise to a net gain arising from changes in fair value of HK$27,106,000 (2007: HK$73,304,000) which has been recognised in the consolidated income statement.

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

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Computer equipment HK$'000	Total HK$'000
THE GROUP						
COST OR VALUATION						
At 1st January, 2007	35,646	14,648	3,126	2,260	2,168	57,848
Currency realignment	534	27	103	–	10	674
Additions	–	805	–	1	30	836
Disposals	–	(659)	–	–	(29)	(688)
At 31st December, 2007	36,180	14,821	3,229	2,261	2,179	58,670
Currency realignment	(37)	181	38	–	3	185
Additions	–	307	645	3	154	1,109
Disposals	–	(791)	(768)	(681)	(148)	(2,388)
At 31st December, 2008	36,143	14,518	3,144	1,583	2,188	57,576
Comprising:						
At cost	8,343	14,518	3,144	1,583	2,188	29,776
At valuation – 1991	27,800	–	–	–	–	27,800
	36,143	14,518	3,144	1,583	2,188	57,576
DEPRECIATION						
At 1st January, 2007	8,906	12,536	2,795	1,726	1,585	27,548
Currency realignment	126	26	95	–	8	255
Provided for the year	676	1,096	219	177	471	2,639
Eliminated on disposals	–	(635)	–	–	(27)	(662)
At 31st December, 2007	9,708	13,023	3,109	1,903	2,037	29,780
Currency realignment	(13)	150	24	–	2	163
Provided for the year	735	877	82	134	123	1,951
Eliminated on disposals	–	(765)	(682)	(681)	(147)	(2,275)
At 31st December, 2008	10,430	13,285	2,533	1,356	2,015	29,619
CARRYING VALUES						
At 31st December, 2008	25,713	1,233	611	227	173	27,957
At 31st December, 2007	26,472	1,798	120	358	142	28,890

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Included in the leasehold land and buildings of the Group are certain lease payments that cannot be allocated reliably between the land and buildings element, and accordingly, the entire lease is treated as a finance lease and included in property, plant and equipment.

Certain of the leasehold land and buildings of the Group were revalued at 31st December, 1991. Had all the leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of these properties would have been stated at HK$17,522,000 (2007: HK$17,886,000).

The Group has pledged its leasehold land and buildings having a net book value of approximately HK$6.2 million (2007: HK$6.4 million) to secure general banking facilities granted to the Group.

The Group's leasehold land and buildings comprise:

	Leasehold land and buildings	
	2008	2007
	HK$'000	HK$'000
Properties held under medium-term leases:		
– in Hong Kong	**19,540**	20,104
Properties held under long leases:		
– overseas	**6,173**	6,368
	25,713	26,472

	Furniture, fixtures and equipment	**Computer equipment**	**Total**
	HK$'000	HK$'000	HK$'000
THE COMPANY			
COST			
At 1st January, 2007	2,325	1,529	3,854
Additions	31	19	50
Disposals	(33)	(15)	(48)
At 31st December, 2007	2,323	1,533	3,856
Additions	–	126	126
Disposals	–	(119)	(119)
At 31st December, 2008	2,323	1,540	3,863
DEPRECIATION			
At 1st January, 2007	1,610	1,089	2,699
Provided for the year	379	411	790
Eliminated on disposals	(33)	(15)	(48)
At 31st December, 2007	1,956	1,485	3,441
Provided for the year	201	60	261
Eliminated on disposals	–	(119)	(119)
At 31st December, 2008	2,157	1,426	3,583
CARRYING VALUES			
At 31st December, 2008	166	114	280
At 31st December, 2007	367	48	415

15. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	HK$'000	HK$'000
Unlisted investments at cost, including deemed capital contribution in subsidiaries	**180,284**	113,450
Less: Impairment loss recognised	**(149,690)**	(48,639)
	30,594	64,811

Particulars of the subsidiaries at 31st December, 2008 are set out in note 39.

16. INTEREST IN AN ASSOCIATE

	THE GROUP
	2008 & 2007
	HK$'000
Cost of investment	
Unlisted	757
Share of post-acquisition profits and reserves, net of dividends received	(304)
	453

Particulars of the associate at 31st December, 2008 and 2007 are as follows:

Name of associate	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of issued share capital held by the Group %	Principal activities
KSIP (Thailand 1989) Co., Ltd.	Incorporated	Thailand	Thailand	Ordinary	49	Inactive

Summarised financial information in respect of the Group's associate is set out below:

	31.12.2008 and 31.12.2007
	HK$'000
Total assets and net assets	924
Group's share of associate's net assets	453

17. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Structured bank deposits, stated at fair value	**–**	15,487

As at 31st December, 2007, structured bank deposits were measured at fair value, with upper bound interest rate of 3.7% per annum, which was also the effective interest rate, and with maturity date on 6th August, 2009. In the current year, the Group disposed of the structured bank deposits with a loss on disposal of HK$20,000 has been recognised in profit or loss.

18. 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 31st December, 2008 and 2007 is based on the valuation amount provided by the counterparty financial institution.

19. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured and interest free. The directors of the Company have agreed that no repayment will be demanded within the next twelve months from the balance sheet date, accordingly, the amounts are shown as non-current assets and measured at amortised cost at the effective interest rate of 3.37% (2007: 5.33%) per annum. The impairment loss recognised during the year represents allowances made for doubtful amounts due from certain subsidiaries which suffered from operating losses on their trading and investment businesses.

Movement in the allowance for doubtful amounts due from subsidiaries

	THE COMPANY	
	2008	2007
	HK$'000	HK$'000
At beginning of the year	**17,139**	23,137
Impairment loss recognised (reversed)	**74,115**	(5,998)
At end of the year	**91,254**	17,139

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For the year ended 31st December, 2008

20. INVENTORIES

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Raw materials	**108**	120
Finished goods	**127,331**	221,614
	127,439	221,734

21. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Trade debtors	**91,867**	222,760
Less: allowance for doubtful debts	**(19,789)**	(11,681)
	72,078	211,079
Deposits and prepayments	**11,929**	16,956
Total debtors, deposits and prepayments	**84,007**	228,035

The aged analysis of trade debtors, net of allowance for doubtful debts are as follows:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
0 – 30 days	**25,941**	105,083
31 – 60 days	**10,428**	59,811
61 – 90 days	**15,825**	26,968
91 – 120 days	**11,097**	9,508
121 – 365 days	**8,787**	9,709
	72,078	211,079

The credit period on sales of goods to its trade debtors of the Group ranges from cash on delivery to 120 days. The Group has provided fully for all receivables over 270 days because historical experience is such that receivables that are past due beyond 270 days are generally not recoverable. Trade debtors between 120 days and 270 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. During the year, the aggregate turnover attributable to the Group's five largest customers is less than 15% (2007: 20%) of the Group's total turnover. There is no customer who represents more than 5% of the total balance of trade debtors.

21. DEBTORS, DEPOSITS AND PREPAYMENTS *(continued)*

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$31,447,000 (2007: HK$65,989,000) which are past due at the balance sheet date for which the Group has not provided. There has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 30 days (2007: 30 days) overdue.

Aging of past due but not impaired

	2008 HK$'000	2007 HK$'000
Overdue:		
0-30 days	**20,660**	50,735
31-60 days	**3,194**	8,894
61-90 days	**5,188**	2,135
91-120 days	**1,324**	1,075
121-270 days	**1,081**	3,150
Total	**31,447**	65,989

Movement in the allowance for doubtful debts

	2008 HK$'000	2007 HK$'000
At beginning of the year	**11,681**	12,708
Amounts written off against debtors	**(1,988)**	(790)
Impairment loss recognised	**11,628**	873
Impairment loss reversed	**(1,532)**	(1,110)
At end of the year	**19,789**	11,681

In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the balance sheet date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are specific trade debtors with a balance of HK$15,912,000 (2007: HK$3,910,000) which have been placed under liquidation or in severe financial difficulties. The impairment recognised represents the difference between the carrying amount of the specific trade debtor and the expected liquidation proceeds.

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

22. INVESTMENTS HELD FOR TRADING

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**30,104**	31,819
– Equity securities listed elsewhere	**14,884**	36,753
	44,988	68,572
Mutual funds	**80,976**	140,310
	125,964	208,882

22. INVESTMENTS HELD FOR TRADING *(continued)*

The fair values of all listed equity securities are determined by reference to the quoted market bid price available on the relevant exchanges.

Mutual funds represent funds managed by professional fund managers, which are redeemable at their net assets value, net of handling fee and expenses. Fair values of the mutual funds are measured based on their net asset value which is calculated by dividing the value of the assets of the mutual funds less its liabilities, by the total number of units in issue as stipulated in the relevant trust deed. The underlying investments held by the mutual funds are valued as follows:

- Quoted investments of the underlying funds are valued at their closing bid price.
- Unquoted investments of the underlying funds are valued in accordance with the most recent revaluation or expected disposal or acquisition price made by the professional fund managers.

23. OTHER FINANCIAL ASSETS

Other financial assets include bills receivable, short term bank deposits and bank balances and cash.

The Group's bills receivable are aged within 90 days. Impairment loss of HK$5,324,000 (2007: nil) has been made in the consolidated financial statements for the amount under dispute with a counterparty bank.

Short term bank deposits and bank balances and cash comprise cash and deposits held by the Group and the Company with an original maturity of three months or less.

Bank balances and short-term bank deposits carry interest at market rates with average interest rate of 0.41% and 3.06% (2007: 1.99% and 4.62%) per annum respectively.

24. CREDITORS AND ACCRUED CHARGES

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Trade creditors	**18,448**	30,979
Other creditors and accrued charges	**20,111**	19,878
	38,559	50,857

The aged analysis of the trade creditors are as follows:

	2008	2007
	HK$'000	HK$'000
0 – 30 days	**18,390**	30,925
31 – 60 days	**58**	44
Over 90 days	**–**	10
	18,448	30,979

The credit period on purchase of goods ranges from 0 to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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

25. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts due to minority shareholders of subsidiaries are unsecured, interest free and repayable on demand.

26. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
The bank borrowings, which are due within one year, comprise:				
Bank loans				
– secured (Note)	**12,795**	25,089	**–**	–
– unsecured	**40,338**	32,998	**25,000**	25,000
Trust receipt and import loans	**141,898**	367,902	**–**	–
	195,031	425,989	**25,000**	25,000

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.

The bank borrowings of the Group and the Company are arranged at floating interest rates. The average interest rate for the Group and the Company for the year was 3.37% (2007: 5.33%) and 3.84% (2007: 5.53%) per annum, respectively.

The Group's bank borrowings that are denominated in currencies, other than the functional currency of the operations to which they related are set out below:

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**20,093**	26,220	**–**	–
Japanese Yen	**17,372**	15,179	**–**	–

27. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

28. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At beginning and at end of the years 2007 and 2008	700,000,000	35,000
Issued and fully paid:		
At beginning and at end of the years 2007 and 2008	445,500,000	22,275

29. RESERVES

	Share premium HK$'000	Retained profits/ (Accumulative loss) HK$'000	Total HK$'000
THE COMPANY			
At 1st January, 2007	153,728	214,094	367,822
Profit for the year	–	12,376	12,376
Dividends paid (note 11)	–	(44,550)	(44,550)
At 31st December, 2007	153,728	181,920	335,648
Loss for the year	–	(148,138)	(148,138)
Dividends paid (note 11)	–	(37,868)	(37,868)
At 31st December, 2008	153,728	(4,086)	149,642

The Company's reserves available for distribution to shareholders as at 31st December, 2008 comprised the accumulated loss of HK$4,086,000 (2007: retained profits of HK$181,920,000).

30. DEFERRED TAX LIABILITIES

The Group's deferred tax liabilities are set out below:

	Fair value change of investment properties HK$'000	Revaluation of leasehold land and building HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1st January, 2007	4,742	2,766	1,150	8,658
Charge to consolidated income statement for the year	6,528	–	–	6,528
At 31st December, 2007	11,270	2,766	1,150	15,186
Charge to consolidated income statement for the year	1,740	–	–	1,740
Effect of change in tax rate	(2,803)	–	–	(2,803)
Exchange realignment	669	–	–	669
At 31st December, 2008	10,876	2,766	1,150	14,792

At the balance sheet date, the Group had unused tax losses of approximately HK$217 million (2007: HK$135 million) available for offset against future profits. No deferred tax assets have been recognised in respect of such unused tax losses due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

31. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the balance sheet date, the Group and the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,478**	1,938	**81**	66
In the second to fifth year inclusive	**1,387**	2,568	**–**	50
	2,865	4,506	**81**	116

Operating lease payments represent rentals payable by the Group and the Company for certain of its office premises. Leases are negotiated for terms ranging from one to three years and rentals are fixed over the lease terms.

The Group as lessor:

Property rental income earned during the year is disclosed in note 8. The properties held have committed tenants for the lease term ranging from one to three years and rentals are fixed over the lease terms.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Within one year	**21,255**	19,175
In the second to fifth year inclusive	**9,098**	24,776
	30,353	43,951

32. CONTINGENT LIABILITIES

As at 31st December, 2008, the financial guarantees given to banks by the Company in respect of banking facilities utilised by the subsidiaries amounted to HK$164,788,000 (2007: HK$387,546,000) of which HK$39,162,000 (2007: HK$1,103,000) was recognised in the Company's balance sheet as financial guarantee contracts included in creditors and accrued charges.

33. PLEDGE OF ASSETS

The following assets were pledged to banks to secure banking facilities granted to the Group as at balance sheet dates:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Bank deposits	**–**	920
Foreign exchange yield linked deposit	**8,715**	8,657
Investments held for trading	**7,711**	13,182
Leasehold land and buildings	**6,174**	6,368
	22,600	29,127

The Company did not pledge any assets at the balance sheet dates.

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme and other defined contribution retirement schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The retirement benefits cost charged to the consolidated income statement of HK$736,000 (2007: HK$668,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

35. RELATED PARTY TRANSACTIONS

Other than the related guarantee provided by the Company as disclosed in note 32, the Group and the Company does not entered into any transactions with related parties.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in note 9.

36. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance of doubtful debts

The Group makes allowances for bad and doubtful debts when there is objective evidence that receivables balances are impaired. The balances of the receivables are based on the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The directors involved a considerable amount of judgment in assessing the ultimate realisation of these receivables including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their activity to make payments, additional allowance may be required. As at 31st December, 2008, the carrying amount of trade receivable is HK$72,078,000 (2007: HK$211,079,000) net of allowance for doubtful debts of HK$19,789,000 (2007: HK$11,681,000).

Net realisable value of inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is written down to net realisable value when there is objective evidence that the cost of inventories may not be recoverable. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may not also be recoverable if the estimated costs to be incurred to make the sale have increased. The amount written off to the profit or loss is the difference between the carrying value and net realisable value of the inventories. As at 31st December, 2008, the carrying amount of inventories is HK$127,439,000 (2007: HK$221,734,000) net of written down of inventories of HK$20,647,000 (2007: nil).

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 26, net of cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with the issued share capital and will balance the Group's overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

The Group's overall strategy remains unchanged from 2007.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
FVTPL				
– Held for trading	**125,964**	208,882	**–**	–
– Designated as at FVTPL	**8,715**	8,657	**–**	–
Loans and receivables (including cash and cash equivalents)	**193,335**	372,462	**302,639**	364,224
Available-for-sale financial assets	**–**	15,487	**–**	–
Financial liabilities				
Amortised cost	**225,426**	476,513	**122,187**	70,358
Financial guarantee contracts	**–**	–	**39,162**	1,103

* The amount of change in its fair value is mainly attributable to changes in market conditions that give rise to market risk.

(b) Financial risk management objectives and policies

The management monitors and manages the financial risks relating to the operations of the Group through various internal management reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures such risks.

(c) Foreign currency risk management

Some of the Group's transactions were conducted in United States dollars, Japanese Yen, Euro, Renminbi, New Taiwanese dollars and Hong Kong dollars which are other than the functional currency of the operations to which they related. Certain trade debtors, bank balances and deposits, trade creditors and bank borrowings of the Group are also denominated in foreign currencies other than the functional currency of the operations to which they relate. Hence, exposures to exchange rate fluctuations arise. The Group will manage the exchange rate exposures by using forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate.

38. FINANCIAL INSTRUMENTS *(continued)*

(c) Foreign currency risk management *(continued)*

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the operations to which they relate at the reporting date is as follows:

	Assets		Liabilities	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
United States dollars	**78,810**	122,346	**30,283**	51,598
Japanese Yen	**74**	479	**17,556**	15,326
Euro	**2,527**	4,726	**37**	8
Renminbi	**306**	136	**–**	–
New Taiwanese dollars	**–**	4,873	**–**	–
Hong Kong dollars	**402**	765	**1,391**	10,283
	82,119	133,325	**49,267**	77,215
THE COMPANY				
Japanese Yen	**–**	–	**9,838**	7,998

Foreign currency sensitivity

As Hong Kong dollars is currently pegged to United States dollars, management considers that exposure to exchange fluctuation in respect of United States dollars is limited. The Group therefore mainly exposed to other currencies.

The following table indicates the approximate change in the Group's and Company's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group and Company have significant exposure at the balance sheet date.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables remain constant.

38. FINANCIAL INSTRUMENTS *(continued)*

(c) Foreign currency risk management *(continued)*

The stated changes represent the management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the group entities' profit or loss measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. A positive (negative) number represented an increase in profit or decrease in loss (decrease in profit or increase in loss). The analysis is preformed on the same basis for 2007.

	2008		2007	
	Increase (decrease) in foreign exchange rates	**Effect on profit or loss HK$'000**	Increase (decrease) in foreign exchange rates	Effect on profit or loss HK$'000
THE GROUP				
Japanese Yen against	**10%**	**(1,748)**	10%	(1,485)
Hong Kong dollars	**(10%)**	**1,748**	(10%)	1,485
Euro against	**10%**	**249**	10%	472
Hong Kong dollars	**(10%)**	**(249)**	(10%)	(472)
Renminbi against	**10%**	**130**	10%	965
Hong Kong dollars	**(10%)**	**(130)**	(10%)	(965)
New Taiwanese dollars against	**1%**	**–**	1%	49
Hong Kong dollars	**(1%)**	**–**	(1%)	(49)
THE COMPANY				
Japanese Yen against	**10%**	**(984)**	10%	(800)
Hong Kong dollars	**(10%)**	**984**	(10%)	800

(d) Interest rate risk management

The Group's bank balances, short-term bank deposits and certain bank borrowings carry interest at market rates.

The Group obtained financing through bank borrowings. Majority of bank borrowings bear interests on floating rates and matured within one year. Accordingly, the Group is not exposed to significant fair value interest rate risk. The Group analyses its interest rate exposure on a dynamic basis, but the Group did not use floating-to-fixed interest rate swaps in managing its cash flow interest rate risk.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments (representing bank borrowings for 2008 and bank borrowings, bank deposits and bank balances for 2007 as bank deposits and bank balances are not sensitive to change in interest rate for 2008) at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used as it represents management's assessment of the possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31st December, 2008 would increase/decrease by HK$975,000 (2007: profit would decrease/increase by HK$1,448,000).

38. FINANCIAL INSTRUMENTS *(continued)*

(d) Interest rate risk management *(continued)*

Interest rate sensitivity (continued)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 31st December, 2008 would increase/decrease by HK$125,000 (2007: profit decrease/increase by HK$124,000).

The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments.

(e) Other price risks

The Group's investments held for trading, comprising listed equity securities and mutual funds, are measured at fair value at each balance sheet date. The management has performed analysis of the nature of market risk associated with the equity securities and mutual funds, including discussion with the investment advisors, and concluded that the price risk is more prominent in evaluating the market risk of this kind of investments. The management manages this exposure by maintaining a portfolio of investments with different risk profiles in accordance with the limits set by the Group and located in different jurisdictions.

Price sensitivity

The sensitivity analyses below have been determined based on the exposure to price risk at the balance sheet date. A 10% increase or decrease is used as it represents management's assessment of the possible change in price of equity securities and mutual funds.

If the prices of the respective equity securities and mutual funds had been 10% higher/lower, the Group's loss for the year ended 31st December, 2008 would decrease/increase by HK$12,596,000 (2007: profit would increase/decrease by HK$20,888,000) as a result of the changes in fair value of investments held-for-trading investments.

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Trade debtors consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and investments is limited because directors consider that the counterparties are financially sound.

As at 31st December, 2008, the Group and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company's balance sheets; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Company as disclosed in note 32.

(g) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings closely.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st December, 2008, the Group has available unutilised short-term bank loan facilities of approximately HK$710,119,000 (2007: HK$561,737,000).

Liquidity tables

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

38. FINANCIAL INSTRUMENTS *(continued)*

(g) Liquidity risk management *(continued)*

Liquidity tables – continued

THE GROUP

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months – 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31st December, 2008						
Creditors and accrued charges	–	21,096	439	2,414	23,949	23,949
Amounts due to minority shareholders of subsidiaries	–	6,446	–	–	6,446	6,446
Bank borrowings – variable rate	2.71	173,476	22,418	–	195,894	195,031
		201,018	22,857	2,414	226,289	225,426
31st December, 2007						
Creditors and accrued charges	–	37,968	696	2,272	40,936	40,936
Amounts due to minority shareholders of subsidiaries	–	9,588	–	–	9,588	9,588
Bank borrowings – variable rate	4.75	294,485	133,061	–	427,546	425,989
		342,041	133,757	2,272	478,070	476,513

THE COMPANY

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months – 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31st December, 2008						
Creditors and accrued charges	–	37	5	889	931	931
Amounts due to subsidiaries	–	96,256	–	–	96,256	96,256
Bank borrowings – variable rate	4.66	10,138	15,018	–	25,156	25,000
		106,431	15,023	889	122,343	122,187
31st December, 2007						
Creditors and accrued charges	–	2,232	–	889	3,121	3,121
Amounts due to subsidiaries	–	42,237	–	–	42,237	42,237
Bank borrowings – variable rate	5.46	10,156	15,122	–	25,278	25,000
		54,625	15,122	889	70,636	70,358

At 31st December, 2008 and 2007, it was not probable the counterparty to the financial guarantee contracts, the subsidiaries of the Company, will claim under the contracts. Consequently, the carrying amount of financial guarantee contracts of HK$39,162,000 (2007: HK$1,103,000) has not been presented above.

(h) Fair value of financial instruments

Other than set out in notes 18 and 22, the fair value of other financial assets and all financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

39. SUBSIDIARIES

Particulars of the subsidiaries at 31st December, 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital Ordinary	Issued/ registered and fully paid capital Non-voting preferred (Note)	Percentage of issued/ registered capital held by the Company %	Principal activities
Asia Fame International Limited	Hong Kong	Hong Kong	HK$1,000,000	–	100*	Manufacturing of electroplating chemicals and solutions
Bright Star Limited	Cook Islands	Hong Kong	US$1,000	–	100	Investment holding
Charterway Developments Limited	Hong Kong	Hong Kong	HK$1,000,000	–	100	Property investment
E.P. Resources Limited	Hong Kong	Hong Kong	HK$10,000	–	100*	Securities investment and trading
Electrochemical Technologies Limited	Hong Kong	Hong Kong	HK$2	–	100*	Securities investment
EngoTech Limited	Hong Kong	Hong Kong	HK$10,000	–	100*	Manufacturing of and trading in electroplating chemicals and solutions
Ever Channel Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Global Trade Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Gold Asset Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Guan Heng Trading (Shanghai) Co., Ltd.#	Shanghai, PRC	Elsewhere in the PRC	US$350,000	–	100*	Trading in chemicals
Jollifair Investments Limited	Hong Kong	Hong Kong	HK$10,000	–	100*	Investment holding
Kee Shing (Coins) Limited	Hong Kong	Hong Kong	HK$1,000,000	–	100*	Securities trading
Kee Shing Hardware Supplies Limited	Hong Kong	Hong Kong	HK$800,000	HK$400,000	100	Trading in stainless steel
Kee Shing Industrial Products Limited	Hong Kong	Hong Kong and Taiwan	HK$200	HK$1,000,000	100*	Investment holding and trading in electroplating chemicals and metals
Kee Shing International Limited	Hong Kong	Hong Kong	HK$2	–	100*	Securities investment
Kee Shing (Investments) Limited	Cook Islands	Hong Kong	US$1,000	–	100*	Investment holding
Kee Shing Property Consultants (Shanghai) Co., Ltd.#	Shanghai, PRC	Elsewhere in the PRC	RMB2,902,060	–	100*	Property management

39. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital Ordinary	Issued/ registered and fully paid capital Non-voting preferred (Note)	Percentage of issued/ registered capital held by the Company %	Principal activities
Kingsview Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Klendo Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90*	Property investment
KSIP (Singapore) Pte. Ltd.	Republic of Singapore	Republic of Singapore	S$1,000,000	–	51	Trading in electroplating chemicals and metal plating products
Pacific Apex International Limited	Hong Kong	Hong Kong	HK$10,000	–	100*	Inactive
Pacific Wide Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Sam Wing International Limited	Hong Kong	Elsewhere in the PRC	HK$200	HK$2,160,000	100*	Trading in chemicals and securities investment
Sure Glory Ventures, Inc.	British Virgin Islands	Australia	US$2	-	100*	Investment holding
Topbase Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Top Image Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Trendex Investment Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	100*	Property investment
Union Channel Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Union Crown Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment
Winbase Properties Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	–	90	Property investment

* Directly held by the Company

A wholly foreign owned enterprise.

None of the subsidiaries had any loan capital subsisted at 31st December, 2008 or at any time during the year.

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

Particulars of Investment Properties

At 31st December, 2008

LOCATION	TYPE	LEASE TERM
HONG KONG		
Units A, B, C, D and E on 2nd Floor Kee Shing Centre 74-76 Kimberley Road Tsimshatsui Kowloon Hong Kong	Commercial	Medium-term lease
ELSEWHERE IN THE PEOPLE'S REPUBLIC OF CHINA		
Units 1003, 1005, 1010, 1011, 1012, 1013 on 10th Floor the whole of 11th and 12th Floors and the Multi-function Room on Roof Novel Building 887 Huai Hai Road Central Luwan District Shanghai People's Republic of China	Commercial	Medium-term lease
15th Floor, Shui On Plaza 333 Huai Hai Road Central Luwan District Shanghai People's Republic of China	Commercial	Medium-term lease
5D, 9F, 15F, 16A, 17F, 20A, 22C, 26A, 26F, 27F, 28A of Huadua Court, Haihua Garden the Junction of Xiexu Road and Dapu Road Luwan District Shanghai People's Republic of China	Residential	Long lease
22D, 33D of Huali Court Haihua Garden the Junction of Xiexu Road and Dapu Road Luwan District Shanghai People's Republic of China	Residential	Long lease
7B, 7F of Huaying Court Haihua Garden the Junction of Xiexu Road and Dapu Road Luwan District Shanghai People's Republic of China	Residential	Long lease
5B, 9C, 9D, 11C, 24C, 33E of Huaxin Court Haihua Garden the Junction of Xiexu Road and Dapu Road Luwan District Shanghai People's Republic of China	Residential	Long lease
OVERSEAS		
39 Jalan Pemimpin #03-01 Tai Lee Industrial Building Singapore	Warehouse	Long lease

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

3rd Floor, Kee Shing Centre
74-76 Kimberley Road, Tsimshatsui, Kowloon
九龍尖沙咀金巴利道74-76號奇盛中心三樓