



KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liabilities)

(Stock Code: 00184)

2007 INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)

INTERIM RESULTS

The Directors of Keck Seng Investments (Hong Kong) Limited (the “Company”) are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”), and associated companies for the six months ended 30 June 2007. These results have been reviewed by the Company’s auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” and by the Audit Committee of the Board of Directors. The unmodified review report of the auditors will be included in the interim report to be sent to the equity holders of the Company.

The consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2007 was HK\$127,131,000 (HK 37.4 cents per share), compared to HK\$63,497,000 (HK 18.7 cents per share) for the first six months of 2006.

The Directors have declared an interim dividend of HK 5 cents (2006: HK 3 cents) per share for 2007 payable on Wednesday, 17 October 2007, to equity holders whose names appear on the register of members of the Company on Thursday, 11 October 2007.

CONSOLIDATED INCOME STATEMENT – (Unaudited)

	<i>Note</i>	Six months ended 30 June	
		2007	2006
		HK\$'000	HK\$'000
Turnover	2	309,591	246,964
Cost of sales		<u>(55,898)</u>	<u>(48,378)</u>
		253,693	198,586
Valuation gains on investment properties		19,753	18,500
Other revenue	3(a)	17,562	11,298
Other net income	3(b)	44,079	14,247
Direct operating expenses		(72,437)	(71,513)
Marketing and selling expenses		(9,633)	(6,833)
Depreciation and amortisation		(48,069)	(45,992)
Administrative and other operating expenses		<u>(53,762)</u>	<u>(46,769)</u>
Profit from operations		151,186	71,524
Finance costs	4(a)	(689)	(4,463)
Share of profits less losses of associates		<u>9,928</u>	<u>8,772</u>
Profit before taxation	4	160,425	75,833
Income tax	5	<u>(2,816)</u>	<u>1,827</u>
Profit for the period		<u>157,609</u>	<u>77,660</u>
Attributable to:			
Equity holders of the Company		127,131	63,497
Minority interests		<u>30,478</u>	<u>14,163</u>
Profit for the period		<u>157,609</u>	<u>77,660</u>
Dividends payable to equity holders of the Company attributable to the period:			
Interim dividend declared after the interim period end – HK\$0.05 (2006: HK\$0.03) per share	6	<u>17,010</u>	<u>10,206</u>
Basic earnings per share	7	<u>37.4 cents</u>	<u>18.7 cents</u>

CONSOLIDATED BALANCE SHEET

		(Unaudited)		(Audited)	
	Note	At 30 June 2007		At 31 December 2006	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets					
– Investment properties			241,233		221,480
– Other properties and fixed assets			625,830		661,847
Interests in leasehold land held for own use under operating lease			<u>121,149</u>		<u>120,567</u>
			988,212		1,003,894
Interest in associates			121,794		104,259
Available-for-sale securities			2,638		1,785
Deferred tax assets			<u>5,888</u>		<u>5,310</u>
			1,118,532		1,115,248
Current assets					
Trading securities		117,111		–	
Properties held for sale		333,059		335,671	
Inventories		2,211		1,850	
Trade and other receivables	8	27,102		82,760	
Cash and cash equivalents		<u>916,665</u>		<u>842,011</u>	
		<u>1,396,148</u>		<u>1,262,292</u>	
Current liabilities					
Bank loans		15,600		48,669	
Trade and other payables	9	125,584		104,122	
Loans from associates		1,364		1,364	
Loans from minority shareholders		31,294		38,174	
Loan from an affiliated company		28,985		28,840	
Amounts due to an affiliated company		39,464		29,561	
Taxation payable		37,608		38,578	
Dividend payable		<u>34,020</u>		–	
		<u>313,919</u>		<u>289,308</u>	
Net current assets			<u>1,082,229</u>		<u>972,984</u>
Total assets less current liabilities			2,200,761		2,088,232
Non-current liabilities					
Loans from minority shareholders		83,672		81,241	
Deferred tax liabilities		<u>13,005</u>		<u>10,635</u>	
			<u>(96,677)</u>		<u>(91,876)</u>
NET ASSETS			<u>2,104,084</u>		<u>1,996,356</u>
CAPITAL AND RESERVES					
Share capital			340,200		340,200
Reserves			<u>1,464,356</u>		<u>1,371,676</u>
Total equity attributable to equity holders of the Company			1,804,556		1,711,876
Minority interests			<u>299,528</u>		<u>284,480</u>
TOTAL EQUITY			<u>2,104,084</u>		<u>1,996,356</u>

Notes:

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 21 September 2007.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The HKICPA has issued the following new standards, amendments and interpretations which are effective for accounting periods beginning on or after 1 January 2007 and relevant to the Group’s operations:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial instruments: Disclosures

The adoption of these new standards, amendments and interpretations has no significant impact on the Group’s results and financial position, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made.

The Group has not early adopted the following amendments, new standards and interpretations which have been issued and are not yet effective for the accounting period ended 30 June 2007. The directors have so far concluded that the adoption is unlikely to have a significant impact on the Group’s results of operation and financial position.

		<i>Effective for accounting periods beginning on or after</i>
HK(IFRIC) Int 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HK(IFRIC) Int 12	Service concession arrangements	1 January 2008
HKFRS 8	Operating segments	1 January 2009
HKAS 23 (revised)	Borrowing costs	1 January 2009

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

2 SEGMENTAL INFORMATION

By Geographical Segments:

	Six months ended 30 June 2007 (HK\$'000)					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	31,893	22,550	253,947	572	629	309,591
Other revenue						
– allocated	8,662	236	314	–	–	9,212
– unallocated	–	–	–	–	8,350	8,350
Total revenue	<u>40,555</u>	<u>22,786</u>	<u>254,261</u>	<u>572</u>	<u>8,979</u>	<u>327,153</u>
Other net income/(loss)	<u>14,442</u>	<u>5,215</u>	<u>(6,808)</u>	<u>–</u>	<u>31,230</u>	<u>44,079</u>
Segment result	53,232	6,187	53,128	(247)	38,886*	151,186
Finance costs	(96)	(450)	–	–	(143)	(689)
Share of profits less losses of associates	(2)	–	4,783	5,147	–	9,928
Profit before taxation						160,425
Income tax expense						(2,816)
Profit for the period						<u>157,609</u>
Profit attributable to equity holders of the Company						<u>127,131</u>
Minority interests						<u>30,478</u>
Depreciation and amortisation	2,379	5,684	39,918	–	88	48,069

* Segment results of “others” include exchange gain of HK\$31,442,000.

	Six months ended 30 June 2006 (HK\$'000)					Total
	Macau	PRC	Vietnam	Canada	Others	
Turnover	10,831	22,291	212,737	556	549	246,964
Other revenue						
– allocated	6,279	116	77	–	–	6,472
– unallocated	–	–	–	–	4,826	4,826
Total revenue	<u>17,110</u>	<u>22,407</u>	<u>212,814</u>	<u>556</u>	<u>5,375</u>	<u>258,262</u>
Other net income	<u>8,881</u>	<u>198</u>	<u>149</u>	<u>–</u>	<u>5,019</u>	<u>14,247</u>
Segment result	31,090	(3,062)	34,232	(125)	9,389*	71,524
Finance costs	(71)	(671)	–	(3)	(3,718)	(4,463)
Share of profits less losses of associates	–	2,298	(383)	6,857	–	8,772
Profit before taxation						75,833
Income tax credit						1,827
Profit for the period						<u>77,660</u>
Profit attributable to equity holders of the Company						<u>63,497</u>
Minority interests						<u>14,163</u>
Depreciation and amortisation	2,162	4,816	38,926	–	88	45,992
Impairment of interest in an associate	–	5,910	–	–	–	5,910

* Segment results of “others” include exchange gain of HK\$5,019,000.

By Business Segments:

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Hotel and club operations		
– Room	93,290	78,122
– Food and beverage	71,243	53,153
– Slot machine income (Note)	111,964	103,753
– Others	<u>2,320</u>	<u>1,830</u>
	278,817	236,858
Proceeds from sale of properties	19,520	1,330
Rental income	8,168	5,932
Management fee received	<u>3,086</u>	<u>2,844</u>
	<u>309,591</u>	<u>246,964</u>

Note: The slot machine income represents net proceeds earned from the operation of slot machines at one of the Group’s hotels.

3 OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Interest income from bank deposits	16,767	10,638
Dividend income from available-for-sale securities	40	31
Sundry income	755	629
	<u>17,562</u>	<u>11,298</u>

(b) Other net income

Exchange gain	51,476	14,247
Fair value loss on investment fund	(424)	–
Loss on disposal of fixed assets	(6,973)	–
	<u>44,079</u>	<u>14,247</u>

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank overdraft and other advances wholly repayable within five years	623	1,001
Interest on other loans	–	3,420
Interest paid on amounts due to an affiliated company	66	42
	<u>689</u>	<u>4,463</u>
(b) Staff costs:		
Salaries, wages and other benefits	22,517	22,876
Contributions to defined contribution retirement plans	814	854
	<u>23,331</u>	<u>23,730</u>
(c) Other items:		
Cost of properties sold	2,612	243
Cost of inventories	15,878	12,439
Auditors' remuneration	375	350
Rentals receivable from investment properties less direct outgoings of HK\$1,357,000 (2006: HK\$969,000)	(6,182)	(4,414)
Other rental income less direct outgoings	(629)	(549)
Impairment of interest in an associate *	–	5,910
	<u>–</u>	<u>5,910</u>

* Details of the impairment of interest in an associate are set out in note 11 of the 2006 interim financial report.

5 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	----- -	----- -
Current tax – Overseas		
Provision for the period	4,480	2,904
Over-provision in respect of prior periods (note (ii))	<u>(3,472)</u>	<u>(6,951)</u>
	<u>1,008</u>	<u>(4,047)</u>
Deferred tax		
Change in value of investment properties	2,370	2,220
Origination and reversal of temporary differences	1,043	-
Future benefit of tax losses recognised	<u>(1,605)</u>	<u>-</u>
	<u>1,808</u>	<u>2,220</u>
Income tax expense/(credit)	<u>2,816</u>	<u>(1,827)</u>

Notes:

- (i) No provision for Hong Kong Profits Tax was made as the Group has no assessable profits subject to Hong Kong Profits Tax during the period.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

- (ii) In prior years, the directors provided for Macau complementary tax based on information available to the Group at that time. During the six months ended 30 June 2007, the directors have reassessed the adequacy of those provisions and as a result of this evaluation, provisions for Macau complementary tax charged to the income statement in previous years totalling HK\$3,472,000 (2006: HK\$6,951,000) have been credited to the consolidated income statement for the six months ended 30 June 2007.
- (iii) Share of associates' tax for the six months ended 30 June 2007 of HK\$3,057,000 (2006: HK\$659,000) is included in the share of profits less losses of associates.

6 DIVIDEND

The interim dividend proposed and declared after the interim period end has not been recognised as a liability at the interim period end date.

7 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK\$127,131,000 (2006: HK\$63,497,000) and 340,200,000 ordinary shares in issue during both periods.

8 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	At 30 June	At 31
	2007	December
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	8,677	9,678
1 to 3 months overdue	7,092	65,158
4 to 12 months overdue	<u>—</u>	<u>44</u>
Trade receivables	<u>15,769</u>	<u>74,880</u>

The Group has a defined credit policy. The general credit terms allowed is within one month. Debtors with balances that are more than three months overdue need to settle all outstanding balances before any further credit is granted.

9 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30 June	At 31
	2007	December
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month or on demand	42,272	18,170
Due after 1 month but within 3 months	741	8,103
Due after 3 months but within 6 months	<u>167</u>	<u>582</u>
Trade creditors	<u>43,180</u>	<u>26,855</u>

10 COMMITMENTS

At 30 June 2007, the Group had commitments in respect of development expenditure not provided for as follows:

	At 30 June 2007 HK\$'000	At 31 December 2006 HK\$'000
Contracted for	872	–
Authorised but not contracted for	<u>99,279</u>	<u>–</u>
	<u><u>100,151</u></u>	<u><u>–</u></u>

OPERATIONS REVIEW

The Group's business is organized by geographical locations. These locations are mainly divided into Macau, Vietnam, The People's Republic of China ("PRC"), Canada, and other markets classified by location of assets.

Macau

The inflow of overseas investment capital into the gaming, property and other sectors in Macau continued during the first half of 2007. This has a positive impact on capital value in the property sector. During this period, the Group's total revenue from Macau arising mostly from sale of residential units in *Ocean Gardens* increased by 137% to HK\$40.5 million.

Vietnam

During the first half of 2007, *Sheraton Saigon Hotel and Towers and Executive Residences* reported improvements in operations and revenues. Average room rate increased in the first half of 2007 to US\$181, as compared to US\$148 in 2006. Occupancy rate also increased to 74% during the first six months of 2007, as compared to 65% during the same period of 2006. The hotel won the "Best Business Hotel in Vietnam" award and continues to be the premier hotel in Ho Chi Minh City.

The *Caravelle Hotel*, in which the Group holds 25%, reported significant improvements in the first half of 2007, as compared to 2006. Average room rate has increased to US\$157 in the first half of 2007, as compared to US\$123 in the first half of 2006. Occupancy rate also improved to 70% in 2007, as compared to 58% during the same period in 2006.

PRC

The *Holiday Inn Riverside Wuhan* reported an increase in room rates for the first half of 2007 to RMB396, as compared to RMB371 in 2006. Occupancy rate declined to 66% in the first half of 2007, as compared to 75% during the same period of 2006.

Canada

During the first half of 2007, *Sheraton Ottawa Hotel* in Ottawa, *DoubleTree International Plaza Hotel* in Toronto, and *Four Points Hotel by Sheraton* in Quebec all reported higher revenues as compared to 2006. However, there was a decrease in share of profit for the period.

FINANCIAL REVIEW

The Group's turnover was HK\$309.6 million for the first six months of 2007, an increase of 25% over the corresponding period in 2006. 6% of the Group's turnover was generated by the sale of properties in Macau (2006: 1%). During the period under review, revenue from hotel and club operations amounted to HK\$278.8 million, an increase of 18% as compared to HK\$236.9 million in the corresponding period in 2006. A profit attributable to equity holders of HK\$127.1 million was reported as compared to a profit attributable to equity holders of HK\$63.5 million in 2006.

As of 30 June 2007, the Group had total bank loans of HK\$15.6 million and other borrowings of HK\$184.8 million whilst cash equivalents amounted to HK\$916.7 million. Accordingly, the ratio of net borrowings to total assets was not applicable. The entire bank borrowings are repayable within twelve months.

The Group's borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Euros, Canadian dollars, Pounds Sterling, Australian dollars, United States dollars and Hong Kong dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Directors believe the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 30 June 2007, certain investment properties, other properties, a hotel property together with integral fixtures and fittings with a net book value of HK\$274.4 million were mortgaged to various banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2007, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties under development amounting to HK\$6,311,000.

As at 30 June 2007, guarantees given by the Company to banks to secure banking facilities made available to a subsidiary and an associate amounted to HK\$29,708,000 (fully repaid by the subsidiary in August 2007) and HK\$76,122,000 respectively.

As at 30 June 2007, a joint and several guarantee to the extent of CA\$5,000,000 (equivalent to HK\$36,845,000) was given by a subsidiary and the Company to a bank to secure banking facilities made available to its associate.

PROSPECTS

The Macau economy and the property sector are expected to continue to perform well. The capital value of the Group's property portfolio will continue to improve against this background. The leasing market in Macau for residential properties is becoming more active with the opening of the Venetian Macau Resort (the "Venetian") and other hotel and gaming establishments. The opening of the 1.2 million square feet meeting and convention facility at the Venetian adds to the level of leasing activity. The Group intends to launch the leasing of two blocks of serviced apartments at Ocean Gardens to take advantage of this development. To take advantage of the buoyant market in Macau, the Group also intends to review plans to re-develop some properties in Ocean Gardens.

Vietnam and PRC, where the Group has invested, are expected to perform well.

The Group will continue to focus in these markets where it has proven experience and track records, and to take advantage of the growth potential in these markets.

PERSONNEL

As at 30 June 2007, the Group has approximately 1,742 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in the different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

The Company will continue its policy of maintaining a solid, balanced and sensible framework of corporate governance.

The Company has conducted a review of its corporate governance regime and framework during the period, and will continue to do so, with a view towards ensuring that such practices are in line with evolving regulatory developments and market expectations.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code on Corporate Governance Practices, except that the Company had not appointed a chief executive officer,

since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board of Directors of the Company, the role was undertaken by Mr. HO Kian Guan, Executive Chairman of the Company. The Board of Directors is of the view that this structure has served the Company well in the past years and does not impair the balance of responsibility between the Board and the management of the business. Further, the non-executive directors of the Company were not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board of Directors of the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules of The Stock Exchange of Hong Kong Limited. The Company has made specific enquiries of all Directors who have confirmed compliance with the required standards set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors presently comprises three independent non-executive directors. The Audit Committee meets with the Group’s senior management, internal and external auditors regularly to review the effectiveness of the internal control system and the interim and annual reports, including the Group’s unaudited consolidated financial statements for the six months ended 30 June 2007.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprises five members, three of whom are independent non-executive directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company.

MATERIAL EVENTS SINCE FINANCIAL PERIOD

There are no material events since the end of the financial period.

BOOK CLOSE

The register of members will be closed from Monday, 8 October 2007 to Thursday, 11 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 5 October 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2007.

By Order of the Board
Keck Seng Investments (Hong Kong) Limited
HO Kian Guan
Executive Chairman

Hong Kong, 21 September, 2007

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. TSE See Fan Paul, Mr. CHAN Lui Ming Ivan and Ms. YU Yuet Chu Evelyn as executive directors; Mr. HO Kian Cheong as non-executive director; and Dr. CHAN Yau Hing Robin, Mr. KWOK Chi Shun Arthur and Ms. WANG Poey Foon Angela as independent non-executive directors.