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KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資(香港)有限公司

(incorporated in Hong Kong with limited liability)

Website: www.keckseng.com.hk

(Stock Code: 00184)

MAJOR TRANSACTION – ACQUISITION OF HOTEL PROPERTY

AND

RESUMPTION OF TRADING

The Board is pleased to announce that the Company and the Seller entered into the Purchase and Sale Agreement on 2 July 2009, pursuant to which the Company has agreed to buy and the Seller has agreed to sell the Hotel Property, located in San Francisco, California, United States, at the Purchase Price of US\$90,000,000 (equivalent to approximately HK\$697,500,000).

As the applicable percentage ratios exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to Shareholders' approval.

As at the date of this announcement, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Acquisition. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr Ho Kian Guan, Executive Chairman of the Company, and Mr Ho Kian Hock, Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the approval of the Acquisition is required to be held.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:30 a.m. on 3 July 2009 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 6 July 2009.

INTRODUCTION

The Board is pleased to announce that the Company and the Seller entered into the Purchase and Sale Agreement on 2 July 2009, pursuant to which the Company has agreed to buy and the Seller has agreed to sell the Hotel Property, located in San Francisco, California, United States, at the Purchase Price of US\$90,000,000 (equivalent to approximately HK\$697,500,000).

THE PURCHASE AND SALE AGREEMENT

Date: 2 July 2009

Purchaser: the Company

Seller: Starwood San Francisco Realty I LLC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and the ultimate beneficial owner(s) of the Seller are third parties independent of the Company and any connected persons of the Company.

Property to be acquired: The hotel facility located at 181 Third Street, San Francisco, California, United States, and commonly known as the "W San Francisco", which includes (but not limited to) the land, all buildings, structures, fixtures, properties and equipment on the land, all retail merchandise located at the hotel facility, all leases, operating agreements and union contracts regarding the hotel facility, IT systems, inventories, licenses and permits, intellectual property rights, accounts receivables (comprising the guest ledger) and liquor assets in relation to the hotel facility.

The Acquisition would be on an "as is" basis, subject to wear and tear from the date of the Purchase and Sale Agreement until the Closing.

PURCHASE PRICE AND PAYMENT TERMS

The Purchase Price of US\$90,000,000 was determined after arm's length negotiations between the Company and the Seller, and shall be adjusted at Closing for the purchase price of the liquor assets, prorations on specified items of revenue and expense and accounts receivable in accordance with the terms of the Purchase and Sale Agreement as at 11:59 p.m. on the day preceding the Closing Date.

Pursuant to the terms of the Purchase and Sale Agreement, the Purchase Price shall be payable by the Company to the Seller in the following manner:

- 1) a sum of US\$2,500,000 (equivalent to approximately HK\$19,375,000) shall be deposited by the Company with an escrow agent within three business days after the execution and delivery of the Purchase and Sale Agreement as earnest money (the “**Earnest Money**”); and
- 2) at Closing, the Company shall (i) procure the escrow agent to disburse the Earnest Money to the Seller; and (ii) pay to the Seller such amount equivalent to the Purchase Price less the Earnest Money disbursed to the Seller.

The Purchase Price shall be financed by internal resources of the Group.

CONDITIONS PRECEDENT

Closing is conditional upon the following:

- i. the Company having paid to the Seller, or deposited with the escrow agent with written direction to disburse the same to the Seller, such amount equivalent to the Purchase Price as adjusted, and having delivered written direction to the escrow agent to disburse the Earnest Money to the Seller;
- ii. the title company designated by the Purchase and Sale Agreement having committed to issue an owner’s title insurance policy to the Company insuring the Company’s title to the land, building, structure and other improvements in relation to the Hotel Property as of the date of Closing;
- iii. all the deliveries having been delivered by the Company to the Seller and by the Seller to the Company or having been deposited with the escrow agent in accordance with the Purchase and Sale Agreement;
- iv. the respective representations of the Seller and the Company in the Purchase and Sale Agreement shall remain true and correct as of the date of the Purchase and Sale Agreement and as of Closing;
- v. the respective covenants and obligations of the Seller and the Company in the Purchase and Sale Agreement having been performed in all material respects;
- vi. no litigation or other court action having been commenced adversary to the Acquisition and no preliminary or permanent injunction or any other order, decree or ruling having been issued that would make illegal or invalid or otherwise prevent the consummation of the Acquisition; and
- vii. no applicable law having been enacted that would make illegal or invalid or otherwise prevent the consummation of the Acquisition.

CLOSING DATE

The Closing Date will be 30 July 2009 or such other date as agreed to in writing between the Seller and the Company.

INFORMATION ON THE HOTEL PROPERTY

The Hotel Property comprises the 31-storey, 404-room hotel facility located at 181 Third Street, San Francisco, California, United States, and commonly known as the “W San Francisco”. W San Francisco is a 5 star full-service hotel located in the SoMa (South of Market) District, and in proximity to the Financial District, the central business district of San Francisco. It is equipped with three food & beverage outlets and a range of facilities including conference rooms, a spa, an indoor swimming pool and a fitness centre.

According to a valuation conducted by PKF, an independent valuer engaged by the Company in respect of the Acquisition, the value of the Hotel Property is US\$91,000,000 (equivalent to approximately HK\$705,250,000). The valuation was based on the sales comparison and income capitalisation approach. The valuation report prepared by PKF will be set out in the circular in respect of the Acquisition to be issued by the Company to its Shareholders.

According to the management accounts of the Hotel Property provided by the Seller, the net operating profit attributable to the Hotel Property was US\$12,208,106 (equivalent to approximately HK\$94,612,822) and US\$13,625,506 (equivalent to approximately HK\$105,597,672) respectively for the years ended 31 December 2007 and 2008. The said net operating profit is calculated by deducting the fixed charges (except management fees) from the gross operating profit. No deductions have been made to take into account the management fees because prior to the Acquisition, management of the Hotel Property was carried out by an affiliate of the Seller and was therefore an intra-group transaction. It would be inappropriate to compare the terms of such intra-group transaction to the management of the Hotel Property after the Acquisition, as the terms of the latter was negotiated on arm’s length basis between independent third parties.

Furthermore, as the management accounts provided by the Seller do not contain information on interest, taxes, depreciation and amortization expenses, these items have not been taken into account in the calculation of the net operating profit disclosed in this paragraph.

After completion of the Acquisition, the Group intends to continue the operation of the Hotel Property under the W® brand. Accordingly, prior to Closing, the Company or its permitted nominee, as the owner of the Hotel Property (the “**Owner**”) will enter into the Operating Agreement with the Operator, under which the Operator is engaged for the operation of the Hotel Property. For further details, please refer to the paragraph headed “Operating Agreement” below.

OPERATING AGREEMENT

Prior to Closing, the Owner will enter into the Operating Agreement with the Operator, under which the Operator will operate the Hotel Property under the W® brand and provide services including but not limited to general operation and management, maintenance and repairs, employment of personnel, marketing, use of the Operator's reservation system and administration of bank accounts. In consideration, the Owner will pay an operating fee to the Operator. The operating fee comprises (i) a base fee, which is based on the gross operating revenue of the Hotel Property, (ii) an incentive fee, which is based on the excess of the gross operating profit of the Hotel Property over and above the sum of the said base fee, real property taxes, insurance premiums paid, contribution to the reserve fund and an agreed amount of owner's priority return, and (iii) charges for the provision of system services by the Operator to the Hotel Property. The Operator shall set aside contributions to a reserve fund for routine improvements on the hotel facility, the amount of which will be determined by reference to the gross operating revenues.

Pursuant to the Operating Agreement, the Owner shall cause the renovation of the hotel facilities and, absent unforeseen circumstances, shall commence work within six months and complete such work within twenty four months of the signing of the Operating Agreement in accordance with an agreed property improvement plan.

The Operating Agreement is expected to be for a term commencing on the date of signing and expiring on 31 December after the 30th anniversary thereof.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider the Acquisition as a move to capitalize on the Group's experience in the hotel investment sector, as well as to utilize its strong financial capacity to acquire an established, well managed, branded hotel property in a prime location in a gateway city, and at a time of the economic cycle which allows the Acquisition to be conducted at a reasonable capital cost. The Directors believe that the Acquisition will enable the Group to strengthen its existing hotel property portfolio.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE SELLER

The Seller is wholly-owned by Starwood Hotels & Resorts Worldwide, Inc., which is one of the leading hotel and leisure companies in the world. It is a fully integrated owner, operator and franchisor of hotels and resorts with the following internationally renowned brands: St.Regis®, The Luxury Collection®, Sheraton®, Westin®, Four Points® by Sheraton, W®, Le Méridien®, AloftSM and ElementSM.

INFORMATION ON THE GROUP

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services. The Company's principal activity is investment holding.

GENERAL

As the applicable percentage ratios exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to Shareholders' approval.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and the ultimate beneficial owner(s) of the Seller are third parties independent of the Company and any connected persons of the Company, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. As at the date of this announcement, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Acquisition. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr Ho Kian Guan, Executive Chairman of the Company, and Mr Ho Kian Hock, Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the Shareholders' approval of the Acquisition is required to be held.

A circular containing, among others, further details of the Acquisition, financial information on the Hotel Property and a valuation report of the Hotel Property will be dispatched to the Shareholders for their information as soon as possible.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:30 a.m. on 3 July 2009 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 6 July 2009.

DEFINITIONS

“Acquisition”	the acquisition of the Hotel Property by the Company from the Seller pursuant to the Purchase and Sale Agreement
“Board”	the board of Directors
“Closing”	completion of the Acquisition
“Closing Date”	30 July 2009, or such other date as agreed to in writing between the Seller and the Company
“Company”	Keck Seng Investments (Hong Kong) Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap. 32), the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars
“Hotel Property”	the hotel facility located at 181 Third Street, San Francisco, California, United States, and commonly known as the “W San Francisco”, which includes (but not limited to) the land, all buildings, structures, fixtures, properties and equipment on the land, all retail merchandise located at the hotel facility, all leases, operating agreements and union contracts regarding the hotel facility, IT systems, inventories, licenses and permits, intellectual property rights, accounts receivables (comprising the guest ledger) and liquor assets in relation to the hotel facility
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operating Agreement”	the agreement under which the Group shall engage the Operator for the operation of the Hotel Property under the W® brand

“Operator”	W Hotels Management, Inc., an affiliate of Starwood Hotels & Resorts Worldwide, Inc.
“PKF”	PKF Consulting, an independent valuer engaged by the Company in relation to the Acquisition
“Purchase and Sale Agreement”	the agreement dated 2 July 2009 between the Company and the Seller, pursuant to which the Company has agreed to buy and the Seller has agreed to sell the Hotel Property
“Purchase Price”	the consideration of the Acquisition, being US\$90,000,000 (equivalent to approximately HK\$697,500,000), subject to adjustments in accordance with the terms and conditions of the Purchase and Sale Agreement, as set out in the paragraph headed “Purchase Price and Payment Terms” in this announcement
“Seller”	Starwood San Francisco Realty I LLC, a wholly-owned subsidiary of Starwood Hotels & Resorts Worldwide, Inc.
“Shareholders”	the holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars

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

Hong Kong, 3 July 2009

As at the date of this announcement, the Board comprises Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan Paul, Mr CHAN Lui Ming Ivan, Ms YU Yuet Chu Evelyn, Mr HO Chung Tao and Mr HO Chung Hui (whose alternate is Mr HO Chung Kain) 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.

In this announcement, US\$ has been translated into HK\$ at the rate close to the date of this announcement of US\$1= HK\$7.75 for reference purpose only.