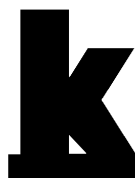


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## **KECK SENG INVESTMENTS (HONG KONG) LIMITED**

### **激成投資（香港）有限公司**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.keckseng.com.hk](http://www.keckseng.com.hk)

(Stock Code: 00184)

#### **2010 INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)**

The board of directors (the “Board”) of Keck Seng Investments (Hong Kong) Limited (the “Company”) is 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 2010. The unaudited consolidated interim results have been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The unmodified review report of the auditor will be included in the interim report to be sent to the equity shareholders of the Company.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2010 was HK\$98,300,000 (HK\$0.29 per share), compared to HK\$101,344,000 (HK\$0.30 per share) for the first six months of 2009.

The Board has declared an interim dividend of HK\$0.025 (2009: HK\$0.025) per share for 2010 payable on Wednesday, 20 October 2010, to equity shareholders whose names appear on the register of members of the Company on Friday, 8 October 2010.

## OPERATIONS REVIEW

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

### Macau

During the first half of 2010, Macau has launched the sale of Sakura Court in *Ocean Gardens*, the Group's flagship property development in Macau. For the first six months of the year, turnover from sales of properties in Ocean Gardens was HK\$72.3 million. Turnover from rental of residential, commercial and industrial properties amounted to HK\$19.8 million. The first six months of 2010 was a period which witnessed a tremendous growth in visitor arrivals to Macau which also resulted in significant growth in overall gaming revenues. The Macau SAR Government is pursuing plans to increase investment in Macau's physical infrastructures as well as in education and social benefits. In the short run, this will provide a strong stimulus to the local economy. Over the long run, this will improve Macau's competitiveness.

Total turnover for the first six months of 2010 was HK\$92.1 million, as compared to HK\$17.9 million in the previous year.

### Vietnam

During the first half of 2010, *Sheraton Saigon Hotel and Grand Towers* reported an increase in turnover from hotel operations. This was achieved by adopting a flexible rate-setting strategy in response to market conditions, which saw an increase in occupancy rate from 47% in the six month period in 2009, to 60% for the same period in 2010. For comparison, average room rate was reduced to US\$164 for the same first months of 2010, as compared to US\$197 in the corresponding period in 2009. This improvement reported by the hotel is in line with the increase in economic activities in Vietnam in the first half of 2010. Also, the hotel has continued to win several prestigious international awards which firmly place the hotel as one of the leading hotels in the city.

The *Caravelle Hotel*, in which the Group holds 25%, also reported an improvement in turnover and operating results. Occupancy rate increased to 61% for the first six months of 2010, as compared to 44% in the corresponding period in 2009. Average room rate adjusted downwards to US\$139 in 2010 as compared to US\$178 for the same period in 2009.

### PRC

The *Holiday Inn Wuhan Riverside* reported a moderate increase in turnover for the first six months of 2010, as compared to the same period in 2009. Occupancy rate improved marginally to 63.4% for the first six months, as compared to 63.2% for the same period in 2009. Average room rate declined to RMB351 in 2010, as compared to RMB358 in 2009. As a result of effective cost control, profit contribution from the subsidiary increased slightly in the first half of 2010 as compared to 2009.

The market is expected to remain extremely competitive, as a result of more domestic and international brand hotels opening up in Wuhan.

### US

The *W San Francisco*, a 5-star hotel the purchase of which by the Group was completed in July 2009, has reported encouraging results since the acquisition. This hotel, which comprised 404 rooms, is located in the business district in one of the most popular gateway cities in the US. In the first half of 2010, occupancy rate was 78.6% and average room rate was US\$223, compared to 78.8% and US\$234 since acquisition to December 2009. The hotel is the winner of the Green Business Award

2010 San Francisco Business Times and is the first existing-build hotel to receive the prestigious LEED (“Leadership in Energy and Environmental Design”) certification.

### **Japan**

The Group has completed the purchase of two residential properties in Tokyo for rental income in the first half of 2010. Occupancy rate for the two properties remains high throughout the period after acquisition. Both properties also reported increases in the respective values against book costs, as valued by an independent valuation firm.

### **Canada**

During the first half of 2010, contribution from Canadian operations to the Group has increased slightly, due to improvements in hotel operating results. In the first half of 2010, average room rate at *DoubleTree International Plaza Hotel* improved to C\$119 as compared to C\$115 in the first half of 2009. Occupancy rate dropped slightly to 67.4% from 67.9% for the same respective periods. The *Sheraton Ottawa Hotel* reported an increase in occupancy rate to 73% for the first half of 2010, as compared to 72% in 2009, while average room rate decreased to C\$142 in the first half of 2010, as compared to C\$148 in the corresponding period in 2009.

## **FINANCIAL REVIEW**

The Group’s turnover was HK\$594.7 million for the first six months of 2010, an increase of 77% over the corresponding period in 2009. Revenue from sale of properties in Macau amounted to HK\$72.3 million in the first half of the year while the Group withheld from any sale of its properties in Macau in the corresponding period in 2009. Revenue from hotel operations amounted to HK\$495.8 million, an increase of 57% as compared to HK\$316.7 million in the corresponding period in 2009. This increase was primarily attributable to revenue generated from W San Francisco in the US, which was acquired by the Group in July 2009. Profit attributable to equity shareholders of HK\$98.3 million was reported as compared to HK\$101.3 million in 2009.

At 30 June 2010, the Group had total bank and other borrowings of HK\$881.2 million (31 December 2009: HK\$585.9 million) and bank deposits and cash of HK\$1,349.5 million (31 December 2009: HK\$1,275.0 million). Of the total bank loans of HK\$754.6 million (31 December 2009: HK\$433.8 million), HK\$367.2 million (31 December 2009: HK\$31.8 million) are repayable within one year or on demand, HK\$16.8 million (31 December 2009: HK\$16.8 million) are repayable after one year but within two years and the remaining of HK\$370.6 million (31 December 2009: HK\$385.3 million) are repayable after two years but within five years.

The Group’s bank borrowings are mostly in United States dollars and Japanese Yen. Bank deposits and cash are mostly in Australian dollars, Hong Kong dollars, Canadian dollars, and United States dollars. The Group’s bank borrowings are on a floating rate basis. Taking into account of the cash in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

## **PLEDGE OF ASSETS**

At 30 June 2010, a hotel property and certain properties held for sale with an aggregate carrying value of approximately HK\$774.5 million (31 December 2009: HK\$790.6 million), bank deposits of HK\$513.7 million (31 December 2009: HK\$Nil) and outstanding forward foreign currency contracts with fair value of HK\$4.2 million (31 December 2009: HK\$Nil) were pledged to secure bank loans and banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

At 30 June 2010, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8.3 million.

At 30 June 2010, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$37 million.

A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the Directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point in time. Accordingly, no provision for these claims has been made in the accounts.

## **PROSPECTS**

The first half of 2010 saw an economic recovery which resulted largely from monetary stimuli. Investment and consumer spending in the US remain weak; the housing sector remains under pressure. In China and the rest of Asia, the mood is more positive. Yet risks remain on the horizon. As we began the second half of 2010, the consensus view seems to be that the second half will be sluggish at best, and there is growing concern as to whether the asset bubble will continue. The Group's operations will continue to show stability and growth in line with macroeconomic trends.

The Group will maintain its policy of selecting investments which are of sound fundamental value on a long term basis. We will also continue to focus on businesses in which the Group and its management are experienced.

## **PERSONNEL**

At 30 June 2010, the Group had approximately 1,743 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 financial statements, 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 the Company, the role is undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board 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 are 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 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 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 2010.

## **REMUNERATION COMMITTEE**

The Remuneration Committee 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.

## **BOOK CLOSE**

The register of members will be closed from Tuesday, 5 October 2010 to Friday, 8 October 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents 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 not later than 4:30 p.m. on Monday, 4 October 2010.

## **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 2010.

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

Hong Kong, 30 August 2010

*As at the date of this announcement, the Board of the Company 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.*

## CONSOLIDATED INCOME STATEMENT (Unaudited)

|  | <i>Note</i> | Six months ended 30 June |                  |
|--|-------------|--------------------------|------------------|
|  |             | 2010<br>HK\$'000         | 2009<br>HK\$'000 |
| <b>Turnover</b>  | 3           | <b>594,739</b>           | 335,806          |
| Cost of sales  |             | <b>(90,602)</b>          | (67,225)         |
|  |             | <b>504,137</b>           | 268,581          |
| Other revenue  | 4(a)        | <b>14,916</b>            | 8,862            |
| Other net (loss)/income                                    | 4(b)        | <b>(53,995)</b>          | 56,473           |
| Direct costs and operating expenses                        |             | <b>(175,966)</b>         | (93,032)         |
| Marketing and selling expenses                             |             | <b>(26,431)</b>          | (17,127)         |
| Depreciation of fixed assets                               |             | <b>(42,642)</b>          | (35,918)         |
| Administrative and other operating expenses                |             | <b>(102,426)</b>         | (51,250)         |
|  |             | <b>117,593</b>           | 136,589          |
| <b>Operating profit</b>                                    |             | <b>117,593</b>           | 136,589          |
| Increase/(decrease) in fair value of investment properties |             | <b>58,494</b>            | (6,493)          |
|  |             | <b>176,087</b>           | 130,096          |
| Finance costs  | 5(a)        | <b>(5,941)</b>           | (44)             |
| Share of profits less losses of associates                 |             | <b>9,977</b>             | 8,288            |
|  |             | <b>180,123</b>           | 138,340          |
| <b>Profit before taxation</b>                              | 5           | <b>180,123</b>           | 138,340          |
| Income tax   | 6           | <b>(38,000)</b>          | (9,506)          |
|  |             | <b>142,123</b>           | 128,834          |
| <b>Profit for the period</b>                               |             | <b>142,123</b>           | 128,834          |
| <b>Attributable to:</b>                                    |             |                          |                  |
| Equity shareholders of the Company                         |             | <b>98,300</b>            | 101,344          |
| Non-controlling interests                                  |             | <b>43,823</b>            | 27,490           |
|  |             | <b>142,123</b>           | 128,834          |
| <b>Profit for the period</b>                               |             | <b>142,123</b>           | 128,834          |
|  |             | <b>142,123</b>           | 128,834          |
| <b>Earnings per share, basic and diluted (cents)</b>       | 8           | <b>28.9</b>              | 29.8             |

Details of dividends payable to equity shareholders of the Company are set out in note 7.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

|   | Six months ended 30 June |          |
|---|--------------------------|----------|
|   | 2010                     | 2009     |
|   | HK\$'000                 | HK\$'000 |
| <b>Profit for the period</b>  | <b>142,123</b>           | 128,834  |
| <b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>  |                          |          |
| Exchange differences on translation of:   |                          |          |
| - financial statements of overseas subsidiaries and associates                                  | 17,878                   | 3,059    |
| Interest-free loans from non-controlling shareholders:  |                          |          |
| - net movement in other capital reserve   | 23,857                   | (2,841)  |
| Available-for-sale securities:  |                          |          |
| - changes in fair value recognised during the period and net movement in the fair value reserve | 168                      | 567      |
|   | <b>41,903</b>            | 785      |
| <b>Total comprehensive income for the period</b>  | <b>184,026</b>           | 129,619  |
| <b>Attributable to:</b>   |                          |          |
| Equity shareholders of the Company  | 135,289                  | 101,524  |
| Non-controlling interests   | 48,737                   | 28,095   |
| <b>Total comprehensive income for the period</b>  | <b>184,026</b>           | 129,619  |

There is no tax effect relating to the above components of the comprehensive income.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |    | (Unaudited)<br>At 30 June<br>2010<br>HK\$'000 | (Audited)<br>At 31 December<br>2009<br>HK\$'000 |
|--|----|---|---|
| <b>Non-current assets</b>  |    |   |   |
| Fixed assets   |    |   |   |
| - Investment properties  |    | 686,906                                       | 263,690   |
| - Other properties and fixed assets                                  |    | 1,203,111                                     | 1,224,420                                       |
| - Interests in leasehold land held for own use under operating lease |    | 190,636                                       | 191,205   |
|  |    | 2,080,653                                     | 1,679,315                                       |
| Interest in associates   |    | 174,814                                       | 164,676   |
| Available-for-sale securities  |    | 3,532   | 3,364   |
|  |    | 2,258,999                                     | 1,847,355                                       |
| <b>Current assets</b>  |    |   |   |
| Trading securities   |    | 1,910   | 2,541   |
| Properties held for sale   |    | 311,492                                       | 324,278   |
| Inventories  |    | 3,965   | 4,099   |
| Trade and other receivables  | 9  | 66,715  | 70,215  |
| Derivative financial assets  |    | 5,218   | 949   |
| Pledged deposits   |    | 513,748                                       | -   |
| Deposits and cash  |    | 835,727                                       | 1,275,042                                       |
| Taxation recoverable   |    | -   | 42  |
|  |    | 1,738,775                                     | 1,677,166                                       |
| <b>Current liabilities</b>   |    |   |   |
| Bank loans   | 10 | 367,172                                       | 31,751  |
| Trade and other payables   | 11 | 170,517                                       | 167,415   |
| Loans from associates  |    | 1,364   | 1,364   |
| Loans from non-controlling shareholders                              |    | 30,169  | 78,376  |
| Loan from an affiliated company                                      |    | -   | 53,683  |
| Amount due to an affiliated company                                  |    | 16,041  | 18,670  |
| Derivative financial liabilities                                     |    | 155   | -   |
| Taxation payable   |    | 26,371  | 22,331  |
| Dividend payable   |    | 59,535  | -   |
|  |    | 671,324                                       | 373,590   |
| <b>Net current assets</b>  |    | 1,067,451                                     | 1,303,576                                       |
| <b>Total assets less current liabilities</b>                         |    | 3,326,450                                     | 3,150,931                                       |
| <b>Non-current liabilities</b>                                       |    |   |   |
| Bank loans   | 10 | 387,382                                       | 402,019   |
| Loans from non-controlling shareholders                              |    | 37,536  | -   |
| Loan from an affiliated company                                      |    | 41,552  | -   |
| Deferred tax liabilities   |    | 35,814  | 18,626  |
|  |    | 502,284                                       | 420,645   |
| <b>NET ASSETS</b>  |    | 2,824,166                                     | 2,730,286                                       |



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

|  | (Unaudited)<br>At 30 June<br>2010<br>HK\$'000 | (Audited)<br>At 31 December<br>2009<br>HK\$'000 |
|--|---|---|
|  | <i>Note</i>                                   |   |
| <b>Capital and reserves</b>  |   |   |
| Share capital  | 340,200                                       | 340,200   |
| Reserves   | 1,970,606                                     | 1,894,852                                       |
| <b>Total equity attributable to equity shareholders of<br/>the Company</b> | <b>2,310,806</b>                              | 2,235,052                                       |
| <b>Non-controlling interests</b>   | <b>513,360</b>                                | 495,234   |
| <b>TOTAL EQUITY</b>  | <b>2,824,166</b>                              | 2,730,286                                       |

Notes:

## **1. 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”).

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the 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 2009 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 Hong Kong Financial Reporting Standards (“HKFRSs”).

## **2. Changes in accounting policies**

The Group has adopted the following relevant revised HKFRSs, amendments and interpretations effective from 1 January 2010:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group’s financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree’s deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

### **3. Segmental information**

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following four reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

- (i) Hotel operations segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.
- (ii) Property investment segment is primarily engaged in the businesses of property leasing of the Group's investment properties, which mainly consist of retail and office properties in Macau and residential properties in Japan.
- (iii) Property development segment is primarily engaged in the businesses of development, construction, sales and marketing of the Group's trading properties in Macau.
- (iv) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

#### **Segment results and assets**

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment.

(a) Analysis of segment results of the Group

|  | External<br>turnover | Inter-<br>segment<br>turnover | Total<br>turnover | Other<br>revenue<br>and net<br>(loss)/<br>income* | Depreciation<br>of fixed<br>assets | Finance<br>costs | Share of<br>results of<br>associates | Income<br>tax   | Contribution<br>to profit |
|--|----------------------|-------------------------------|-------------------|---|------------------------------------|------------------|--------------------------------------|-----------------|---------------------------|
|  | HK\$'000             | HK\$'000                      | HK\$'000          | HK\$'000  | HK\$'000                           | HK\$'000         | HK\$'000                             | HK\$'000        | HK\$'000                  |
| <b>For the six months ended 30 June 2010</b> |                      |                               |                   |   |                                    |                  |                                      |                 |                           |
| Hotel operations                             | 495,829              | -                             | 495,829           | 2,709   | (37,829)                           | (5,587)          | 9,977                                | (15,334)        | 88,816                    |
| - Vietnam                                    | 306,785              | -                             | 306,785           | 172   | (20,887)                           | -                | 6,612                                | (9,232)         | 82,138                    |
| - United States                              | 162,306              | -                             | 162,306           | 1,347   | (11,618)                           | (5,587)          | -                                    | (6,102)         | 2,453                     |
| - The Peoples' Republic of China             | 26,738               | -                             | 26,738            | 1,190   | (5,324)                            | -                | -                                    | -               | 860                       |
| - Canada                                     | -                    | -                             | -                 | -   | -                                  | -                | 3,365                                | -               | 3,365                     |
| Property development                         |                      |                               |                   |   |                                    |                  |                                      |                 |                           |
| - Macau                                      | 72,343               | -                             | 72,343            | -   | -                                  | -                | -                                    | -               | 59,560                    |
| Property investment                          | 25,269               | 760                           | 26,029            | (507)   | (4,775)                            | (26)             | -                                    | (22,559)        | 38,823                    |
| - Macau                                      | 19,834               | 760                           | 20,594            | (510)   | (4,775)                            | (26)             | -                                    | (8,457)         | (7,673)                   |
| - Japan                                      | 5,435                | -                             | 5,435             | 3   | -                                  | -                | -                                    | (14,102)        | 46,496                    |
| Investment and corporate                     | 1,298                | -                             | 1,298             | (41,281)  | (38)                               | (328)            | -                                    | (107)           | (45,076)                  |
| - Macau                                      | -                    | -                             | -                 | 1,521   | -                                  | -                | -                                    | -               | 1,500                     |
| - Others                                     | 1,298                | -                             | 1,298             | (42,802)  | (38)                               | (328)            | -                                    | (107)           | (46,576)                  |
| Inter-segment elimination                    | -                    | (760)                         | (760)             | -   | -                                  | -                | -                                    | -               | -                         |
| <b>Total</b>                                 | <b>594,739</b>       | <b>-</b>                      | <b>594,739</b>    | <b>(39,079)</b>                                   | <b>(42,642)</b>                    | <b>(5,941)</b>   | <b>9,977</b>                         | <b>(38,000)</b> | <b>142,123</b>            |
| <b>For the six months ended 30 June 2009</b> |                      |                               |                   |   |                                    |                  |                                      |                 |                           |
| Hotel operations                             | 316,625              | -                             | 316,625           | 2,611   | (31,113)                           | -                | 8,292                                | (10,603)        | 74,784                    |
| - Vietnam                                    | 290,859              | -                             | 290,859           | 2,197   | (25,169)                           | -                | 5,089                                | (10,603)        | 71,437                    |
| - The Peoples' Republic of China             | 25,766               | -                             | 25,766            | 414   | (5,944)                            | -                | -                                    | -               | 144                       |
| - Canada                                     | -                    | -                             | -                 | -   | -                                  | -                | 3,203                                | -               | 3,203                     |
| Property development                         |                      |                               |                   |   |                                    |                  |                                      |                 |                           |
| - Macau                                      | 250                  | -                             | 250               | -   | -                                  | -                | -                                    | -               | 200                       |
| Property investment                          |                      |                               |                   |   |                                    |                  |                                      |                 |                           |
| - Macau                                      | 17,614               | 939                           | 18,553            | 10,685  | (4,767)                            | (14)             | -                                    | 1,044           | 4,049                     |
| Investment and corporate                     | 1,317                | 1,265                         | 2,582             | 52,039  | (38)                               | (30)             | (4)                                  | 53              | 49,801                    |
| - Macau                                      | -                    | -                             | -                 | 2,114   | -                                  | -                | -                                    | -               | 2,114                     |
| - Others                                     | 1,317                | 1,265                         | 2,582             | 49,925  | (38)                               | (30)             | (4)                                  | 53              | 47,687                    |
| Inter-segment elimination                    | -                    | (2,204)                       | (2,204)           | -   | -                                  | -                | -                                    | -               | -                         |
| <b>Total</b>                                 | <b>335,806</b>       | <b>-</b>                      | <b>335,806</b>    | <b>65,335</b>                                     | <b>(35,918)</b>                    | <b>(44)</b>      | <b>8,288</b>                         | <b>(9,506)</b>  | <b>128,834</b>            |

\* Included in other revenue and net (loss)/income is net exchange loss of HK\$53,348,000 (30 June 2009: net gain of HK\$58,000,000).

**(b) Analysis of total assets of the Group**

|                                  | <b>Segment assets<br/>HK\$'000</b> | <b>Interest in<br/>associates<br/>HK\$'000</b> | <b>Total assets<br/>HK\$'000</b> |
|----------------------------------|------------------------------------|--|----------------------------------|
| <b>At 30 June 2010</b>           |                                    |  |                                  |
| Hotel operations                 |                                    |  |                                  |
| - Vietnam                        | 571,799                            | 75,439   | 647,238                          |
| - United States                  | 736,614                            | -  | 736,614                          |
| - The Peoples' Republic of China | 209,548                            | -  | 209,548                          |
| - Canada                         | -                                  | 69,050   | 69,050                           |
| Property development             | 318,430                            | -  | 318,430                          |
| Property investment              |                                    |  |                                  |
| - Macau                          | 478,061                            | -  | 478,061                          |
| - Japan                          | 432,323                            | -  | 432,323                          |
| Investment and corporate         | 1,076,185                          | 30,325   | 1,106,510                        |
|                                  | <hr/>                              | <hr/>  | <hr/>                            |
| Total                            | <b>3,822,960</b>                   | <b>174,814</b>                                 | <b>3,997,774</b>                 |
|                                  | <hr/> <hr/>                        | <hr/> <hr/>                                    | <hr/> <hr/>                      |
| <b>At 31 December 2009</b>       |                                    |  |                                  |
| Hotel operations                 |                                    |  |                                  |
| - Vietnam                        | 561,932                            | 68,826   | 630,758                          |
| - United States                  | 736,872                            | -  | 736,872                          |
| - The Peoples' Republic of China | 208,640                            | -  | 208,640                          |
| - Canada                         | -                                  | 65,538   | 65,538                           |
| Property development             | 307,605                            | -  | 307,605                          |
| Property investment              |                                    |  |                                  |
| - Macau                          | 479,035                            | -  | 479,035                          |
| Investment and corporate         | 1,065,761                          | 30,312   | 1,096,073                        |
|                                  | <hr/>                              | <hr/>  | <hr/>                            |
| Total                            | <b>3,359,845</b>                   | <b>164,676</b>                                 | <b>3,524,521</b>                 |
|                                  | <hr/> <hr/>                        | <hr/> <hr/>                                    | <hr/> <hr/>                      |

#### 4. Other revenue and net (loss)/income

##### (a) Other revenue

|   | <b>Six months ended 30 June</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>2010</b>                     | <b>2009</b>     |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Interest income from bank deposits                                    | 12,848                          | 8,131           |
| Dividend income from listed available-for-sale and trading securities | 63                              | 84              |
| Other revenue from hotel and club operations and miscellaneous income | 2,005                           | 647             |
|   | <b>14,916</b>                   | <b>8,862</b>    |

##### (b) Other net (loss)/income

|  | <b>Six months ended 30 June</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2010</b>                     | <b>2009</b>     |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Net exchange (loss)/gain                                 | (53,348)                        | 58,000          |
| Net realised and unrealised losses on trading securities | (631)                           | (1,527)         |
| Loss on disposal of fixed assets                         | (18)                            | -               |
| Others   | 2                               | -               |
|  | <b>(53,995)</b>                 | <b>56,473</b>   |

#### 5. Profit before taxation

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

|  | <b>Six months ended 30 June</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2010</b>                     | <b>2009</b>     |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| (a) Finance costs:   |                                 |                 |
| Interest on bank loans and other borrowings wholly repayable within five years                             | 5,915                           | 33              |
| Interest payable on amount due to an affiliated company  | 26                              | 11              |
|  | <b>5,941</b>                    | <b>44</b>       |
| (b) Staff costs:   |                                 |                 |
| Salaries, wages and other benefits   | 102,254                         | 21,674          |
| Contributions to defined contribution retirement plans   | 1,050                           | 1,244           |
|  | <b>103,304</b>                  | <b>22,918</b>   |
| (c) Other items:   |                                 |                 |
| Cost of properties sold  | 12,786                          | 49              |
| Cost of inventories  | 26,544                          | 25,219          |
| Rentals receivable from investment properties less direct outgoings of HK\$3,692,000 (2009: HK\$2,772,000) | (16,684)                        | (11,063)        |
| Other rental income less direct outgoings  | (526)                           | (640)           |

## 6. Income tax

Taxation in the consolidated income statement represents:

|   | <b>Six months ended 30 June</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>2010</b>                     | <b>2009</b>     |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| <b>Current tax – Overseas</b>                           |                                 |                 |
| Provision for the period                                | <b>20,644</b>                   | 12,719          |
| Over-provision in respect of prior periods (note (iii)) | -                               | (2,090)         |
|   | <b>20,644</b>                   | 10,629          |
| <b>Deferred taxation</b>                                |                                 |                 |
| Change in value of investment properties                | <b>14,293</b>                   | (798)           |
| Origination and reversal of temporary differences       | <b>3,063</b>                    | (325)           |
|   | <b>17,356</b>                   | (1,123)         |
|   | <b>38,000</b>                   | 9,506           |

Notes:

- (i) No provision for Hong Kong Profits Tax has been made as the Company and all other subsidiaries of the Group that are incorporated in Hong Kong sustained a loss for taxation purposes during the six months ended 30 June 2010 and 30 June 2009.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. The provision for Corporate Income Tax in Vietnam is calculated at 15% (2009: 15%) of its estimated taxable profits for the period. The provision of China corporate income tax is calculated at 25% of its estimated taxable profits for the period. The provision for Federal Income Tax and State Income Tax in the United States is calculated at a rate of 34% (determined by income ranges) and 8.84% respectively.
- (iii) Over-provision of overseas tax of HK\$2,090,000 for the six months ended 30 June 2009 primarily represented Macau complementary tax made in prior years.
- (iv) Share of associates' tax for the six months ended 30 June 2010 of HK\$4,131,000 (2009: HK\$3,347,000) is included in the share of profits less losses of associates.

## 7. Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period

|  | <b>Six months ended 30 June</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2010</b>                     | <b>2009</b>     |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Interim dividend declared after the interim period of HK\$0.025 (2009: HK\$0.025) per ordinary share | <b>8,505</b>                    | 8,505           |

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends attributable to the previous financial year, approved during the interim period

|  | <b>Six months ended 30 June</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2010</b>                     | <b>2009</b>     |
|  | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.175 (six months ended 30 June 2009: HK\$0.125) per ordinary share | <b>59,535</b>                   | 42,525          |

## 8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity shareholders of the Company of HK\$98,300,000 (2009: HK\$101,344,000) and 340,200,000 ordinary shares in issue during the six months ended 30 June 2010 and 30 June 2009.

There is no potential diluted ordinary share during the six months ended 30 June 2010 and 30 June 2009.

## 9. Trade and other receivables

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis (by transaction date) as of the end of the reporting period:

|  | <b>At 30 June</b> | <b>At 31 December</b> |
|--|-------------------|-----------------------|
|  | <b>2010</b>       | <b>2009</b>           |
|  | <b>HK\$'000</b>   | <b>HK\$'000</b>       |
| Current or less than one month                     | <b>24,719</b>     | 36,579                |
| One to three months                                | <b>13,126</b>     | 13,578                |
| More than three months but less than twelve months | <b>138</b>        | 961                   |
| Trade receivables                                  | <b>37,983</b>     | 51,118                |

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy for trade receivables. The general credit terms allowed range from 0 - 30 days. Trade receivables with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit will be granted.



## 10. Bank loans

|   | At 30 June<br>2010<br>HK\$'000 | At 31 December<br>2009<br>HK\$'000 |
|---|--------------------------------|------------------------------------|
| Repayable within one year or on demand          | 367,172                        | 31,751                             |
| Repayable after one year but within two years   | 16,816                         | 16,751                             |
| Repayable after two years but within five years | 370,566                        | 385,268                            |
|   | <u>387,382</u>                 | <u>402,019</u>                     |
|   | <u>754,554</u>                 | <u>433,770</u>                     |
| Unsecured                                       | -                              | 15,000                             |
| Secured   | 754,554                        | 418,770                            |
|   | <u>754,554</u>                 | <u>433,770</u>                     |

## 11. Trade and other payables

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

|  | At 30 June<br>2010<br>HK\$'000 | At 31 December<br>2009<br>HK\$'000 |
|--|--------------------------------|------------------------------------|
| Due within one month or on demand            | 15,536                         | 9,817                              |
| Due after one month but within three months  | 2,975                          | 1,490                              |
| Due after three months but within six months | 12,122                         | 565                                |
| Trade payables                               | <u>30,633</u>                  | <u>11,872</u>                      |

## 12. Commitments

At 30 June 2010, the Group had commitments in respect of development expenditure not provided for as follows:

|                                   | At 30 June<br>2010<br>HK\$'000 | At 31 December<br>2009<br>HK\$'000 |
|-----------------------------------|--------------------------------|------------------------------------|
| Contracted for                    | 7,650                          | 12,924                             |
| Authorised but not contracted for | 12,766                         | 13,570                             |
|                                   | <u>20,416</u>                  | <u>26,494</u>                      |