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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)

2011 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 2011. 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 2011 was HK\$99,871,000 (HK\$0.294 per share), compared to HK\$100,266,000 (HK\$0.295 per share) for the first six months of 2010, as restated.

The Board has declared an interim dividend of HK\$0.025 (2010: HK\$0.025) per share for 2011 payable on Wednesday, 19 October 2011, to equity shareholders whose names appear on the register of members of the Company on Monday, 10 October 2011.

CONSOLIDATED INCOME STATEMENT (Unaudited)

		Six months ended 30 June	
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000 (restated)
Turnover	3	558,669	594,739
Cost of sales		<u>(83,189)</u>	(90,602)
		475,480	504,137
Other revenue	4(a)	13,380	14,916
Other net income/(loss)	4(b)	15,056	(53,995)
Direct costs and operating expenses		(164,176)	(175,966)
Marketing and selling expenses		(30,725)	(26,431)
Depreciation of fixed assets		(41,574)	(42,642)
Administrative and other operating expenses		<u>(111,632)</u>	(102,426)
Operating profit		155,809	117,593
Increase in fair value of investment properties		<u>21,890</u>	58,494
		177,699	176,087
Finance costs	5(a)	(4,840)	(5,941)
Share of profits less losses of associates		<u>10,773</u>	9,977
Profit before taxation	5	183,632	180,123
Income tax	6	<u>(58,690)</u>	(36,002)
Profit for the period		<u>124,942</u>	144,121
Attributable to:			
Equity shareholders of the Company		99,871	100,266
Non-controlling interests		<u>25,071</u>	43,855
Profit for the period		<u>124,942</u>	144,121
Earnings per share, basic and diluted (cents)	8	<u>29.4</u>	29.5

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	
	2011	2010
	HK\$'000	HK\$'000
		(restated)
Profit for the period	124,942	144,121
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	6,520	17,437
Interest-free loans from non-controlling shareholders:		
- net movement in other capital reserve	(2,078)	23,857
Available-for-sale securities:		
- changes in fair value recognised during the period and net movement in the fair value reserve	98	168
	4,540	41,462
Total comprehensive income for the period	129,482	185,583
Attributable to:		
Equity shareholders of the Company	102,917	136,828
Non-controlling interests	26,565	48,755
Total comprehensive income for the period	129,482	185,583

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
	<i>Note</i>		
Non-current assets			
Fixed assets			
- Investment properties		773,924	749,592
- Other properties and fixed assets		1,154,652	1,178,101
- Interests in leasehold land held for own use under operating lease		189,726	190,513
		2,118,302	2,118,206
Interest in associates		190,028	184,478
Available-for-sale securities		5,136	5,038
		2,313,466	2,307,722
Current assets			
Trading securities		2,910	2,544
Properties held for sale		306,190	306,190
Inventories		4,355	4,127
Trade and other receivables	9	44,952	66,814
Derivative financial assets		524	-
Pledged deposits	10	533,112	516,235
Deposits and cash		1,057,738	1,046,376
Taxation recoverable		2,073	219
		1,951,854	1,942,505
Current liabilities			
Bank loans	10	404,856	411,977
Trade and other payables	11	205,680	202,345
Loans from associates		1,364	1,364
Loans from non-controlling shareholders		43,493	43,477
Amount due to an affiliated company		18,775	17,509
Derivative financial liabilities		2,561	28,155
Taxation payable		66,760	30,481
		743,489	735,308
Net current assets		1,208,365	1,207,197
Total assets less current liabilities		3,521,831	3,514,919
Non-current liabilities			
Bank loans	10	337,739	358,018
Loans from non-controlling shareholders		41,052	39,631
Loan from an affiliated company		43,955	43,122
Deferred tax liabilities		59,229	56,125
		481,975	496,896
NET ASSETS		3,039,856	3,018,023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
	<i>Note</i>	
Capital and reserves		
Share capital	340,200	340,200
Reserves	2,216,570	2,173,188
Total equity attributable to equity shareholders of the Company	2,556,770	2,513,388
Non-controlling interests	483,086	504,635
TOTAL EQUITY	3,039,856	3,018,023

Notes:

1. Basis of preparation

The 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 (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

(a) The Group has adopted the following relevant revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations effective from 1 January 2011:-

- Improvements to HKFRSs (2010)
- HKAS 24 (revised 2009), *Related party disclosures*

The Improvements to HKFRSs (2010) consists of amendments to existing standards, including an amendment to HKAS 34, *Interim financial reporting*. HKAS 34 (amendment) provides for further disclosures in interim financial reports. It has had no financial impact on the Group’s interim financial statements.

The other developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. The developments have had no material impact on the contents of the interim financial statements.

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

(b) During the year ended 31 December 2010, the Group has early adopted the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset’s value through use.

This change in policy has been applied retrospectively by restating the opening balances at 1 January 2010, with consequential adjustments to comparatives for the six months ended 30 June 2010. This has resulted in a decrease in the amount of deferred tax provided on valuation gain as follows:

	<i>As previously reported</i>	<i>Effect of adoption of HKAS 12</i>	<i>As restated</i>
	HK\$'000	HK\$'000	HK\$'000
Consolidated income statement for the six months ended 30 June 2010 (unaudited):			
Income tax	38,000	(1,998)	36,002
Profit for the period	142,123	1,998	144,121
Basic and diluted earnings per share (cents)	28.9	0.6	29.5

In the consolidated statement of changes in equity, the comparatives for retained profits and non-controlling interests as at 1 January 2010 have also been restated accordingly, details of which have been disclosed in 2010 annual financial statements.

3. Segmental reporting

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, other non-current assets and current assets directly attributable to each segment.

(a) Analysis of segment results of the Group

	External turnover	Inter- segment turnover	Total turnover	Depreciation of fixed assets	Finance costs	Share of results of associates	Income tax	Contribution to profit
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
							(restated)	(restated)
For the six months ended 30 June 2011								
Hotel operations	521,340	-	521,340	(36,824)	(3,925)	10,781	(54,295)	81,921
- Vietnam	304,382	-	304,382	(17,427)	-	7,633	(45,463)	52,285
- United States	183,079	-	183,079	(12,614)	(3,925)	-	(7,560)	18,406
- The People's Republic of China	33,879	-	33,879	(6,783)	-	-	(1,272)	8,057
- Canada	-	-	-	-	-	3,148	-	3,173
Property investment	35,980	681	36,661	(4,708)	(13)	-	(4,309)	31,955
- Macau (note (i))	20,873	681	21,554	(4,708)	(13)	-	(2,463)	24,573
- Japan	15,107	-	15,107	-	-	-	(1,846)	7,382
Investment and corporate	1,349	-	1,349	(42)	(902)	(8)	(86)	11,066
- Macau	-	-	-	-	-	(8)	-	(290)
- Others (note (ii))	1,349	-	1,349	(42)	(902)	-	(86)	11,356
Inter-segment elimination	-	(681)	(681)	-	-	-	-	-
Total	558,669	-	558,669	(41,574)	(4,840)	10,773	(58,690)	124,942
For the six months ended 30 June 2010								
Hotel operations	495,829	-	495,829	(37,829)	(5,587)	9,977	(15,334)	88,816
- Vietnam	306,785	-	306,785	(20,887)	-	6,612	(9,232)	82,138
- United States	162,306	-	162,306	(11,618)	(5,587)	-	(6,102)	2,453
- The People's Republic of China	26,738	-	26,738	(5,324)	-	-	-	860
- Canada	-	-	-	-	-	3,365	-	3,365
Property development	72,343	-	72,343	-	-	-	(7,147)	52,413
Property investment	25,269	760	26,029	(4,775)	(26)	-	(13,414)	47,968
- Macau (note (i))	19,834	760	20,594	(4,775)	(26)	-	(1,302)	(518)
- Japan	5,435	-	5,435	-	-	-	(12,112)	48,486
Investment and corporate	1,298	-	1,298	(38)	(328)	-	(107)	(45,076)
- Macau	-	-	-	-	-	-	-	1,500
- Others (note (ii))	1,298	-	1,298	(38)	(328)	-	(107)	(46,576)
Inter-segment elimination	-	(760)	(760)	-	-	-	-	-
Total	594,739	-	594,739	(42,642)	(5,941)	9,977	(36,002)	144,121

Notes:

(i) Included in contribution to profit is increase in fair value of investment properties of HK\$21,890,000 (2010: HK\$1,620,000).

(ii) Included in contribution to profit is net exchange gain of HK\$10,700,000 (2010: loss of HK\$46,958,000).

(b) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
At 30 June 2011			
Hotel operations			
- Vietnam	556,448	89,832	646,280
- United States	725,647	-	725,647
- The People's Republic of China	227,207	-	227,207
- Canada	-	95,226	95,226
Property development	306,400	-	306,400
Property investment			
- Macau	634,895	-	634,895
- Japan	490,353	-	490,353
Investment and corporate	1,134,342	4,970	1,139,312
Total	4,075,292	190,028	4,265,320

At 31 December 2010

Hotel operations			
- Vietnam	570,188	89,843	660,031
- United States	740,077	-	740,077
- The People's Republic of China	219,057	-	219,057
- Canada	-	89,657	89,657
Property development	315,210	-	315,210
Property investment			
- Macau	572,234	-	572,234
- Japan	478,681	-	478,681
Investment and corporate	1,170,302	4,978	1,175,280
Total	4,065,749	184,478	4,250,227

4. Other revenue and net income/(loss)

(a) Other revenue

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest income from bank deposits	10,544	12,848
Dividend income from listed available-for-sale and trading securities	130	63
Other revenue from hotel and club operations and miscellaneous income	2,706	2,005
	<u>13,380</u>	<u>14,916</u>

(b) Other net income/(loss)

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Net exchange gain/(loss)	14,667	(53,348)
Net realised and unrealised gains/(losses) on trading securities	366	(631)
Loss on disposal of fixed assets	-	(18)
Others	23	2
	<u>15,056</u>	<u>(53,995)</u>

5. Profit before taxation

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank loans and other borrowings wholly repayable within five years	4,833	5,915
Interest paid on amount due to an affiliated company	7	26
	<u>4,840</u>	<u>5,941</u>
(b) Staff costs:		
Salaries, wages and other benefits	110,857	102,254
Contributions to defined contribution retirement plans	2,975	1,050
	<u>113,832</u>	<u>103,304</u>
(c) Other items:		
Cost of properties sold	-	12,786
Cost of inventories	36,533	26,544
Rentals receivable from investment properties less direct outgoings of HK\$7,381,000 (2010: HK\$3,692,000)	(23,224)	(16,684)
Other rental income less direct outgoings	(1,344)	(526)
	<u>(1,344)</u>	<u>(526)</u>

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000 (restated)
Current tax – Overseas		
Provision for the period	20,853	20,644
Under provision in respect of prior year (note (iv))	34,832	-
	<u>55,685</u>	<u>20,644</u>
Deferred taxation		
Change in value of investment properties	2,222	323
Withholding tax on the distributable profits (note (iii))	1,846	12,109
Origination and reversal of other temporary differences	(1,063)	2,926
	<u>3,005</u>	<u>15,358</u>
	<u>58,690</u>	<u>36,002</u>

Notes:

- (i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes during the six months ended 30 June 2011 and 30 June 2010.
- (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% 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) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% on all gross profit distributions from the subsidiary.
- (iv) A subsidiary of the Group is in discussion with the local tax authority in Vietnam in respect of the tax enquiries relating to the tax provision payable on management fees. Provisions have been made only to the extent that the tax risk can be reliably measured. For the six months ended 30 June 2011, the Group made a provision of HK\$34,832,000 as part of the under-provision for income tax. However, the final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provision.
- (v) Share of associates' tax for the six months ended 30 June 2011 of HK\$4,706,000 (2010: HK\$4,131,000) 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:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.025 (2010: HK\$0.025) per ordinary share	8,505	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:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.175 (2010: HK\$0.175) per ordinary share	59,535	59,535

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\$99,871,000 (2010 (restated): HK\$100,266,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2011 and 30 June 2010.

There is no potential diluted ordinary share during the six months ended 30 June 2011 and 30 June 2010.

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:

	At 30 June	At 31 December
	2011	2010
	HK\$'000	HK\$'000
Current or less than one month	17,310	23,012
One to three months	6,954	10,701
More than three months but less than twelve months	361	98
	24,625	33,811

Trade receivables mainly comprise rental receivables from lease of properties and hotel operations. The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. 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 2011 HK\$'000	At 31 December 2010 HK\$'000
Repayable within one year or on demand	404,856	411,977
Repayable after one year but within two years	20,233	20,236
Repayable after two years but within five years	317,506	337,782
	337,739	358,018
	742,595	769,995
Unsecured	-	10,000
Secured	742,595	759,995
	742,595	769,995

At 30 June 2011, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

- (i) land and building on Taipa Island classified as properties held for sale with a carrying value of HK\$93,431,000 (31 December 2010: HK\$93,431,000),
- (ii) hotel property and certain fixed assets of the Group with aggregate carrying value of HK\$675,532,000 (31 December 2010: HK\$678,879,000),
- (iii) bank deposits of HK\$533,112,000 (31 December 2010: HK\$516,235,000) and interest accruals of HK\$1,429,000 (31 December 2010: HK\$Nil), and
- (iv) equity securities with fair value of HK\$2,910,000 (31 December 2010: HK\$Nil) and outstanding forward foreign currency contracts in notional amounts of HK\$Nil (31 December 2010: HK\$366,959,000).

Such banking facilities amounted to HK\$1,450,308,000 (31 December 2010: HK\$894,804,000) and were utilised to the extent of HK\$742,595,000 (31 December 2010: HK\$759,995,000).

11. Trade and other payables

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

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Due within one month or on demand	15,787	11,722
Due after one month but within three months	2,556	5,772
Due after three months but within six months	56,083	44,975
	74,426	62,469

12. Commitments

At 30 June 2011, the capital commitments outstanding not provided for as follows:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Contracted for	19,918	4,353
Authorised but not contracted for	26,865	19,763
	46,783	24,116

13. Restatement of comparatives

As a result of the adoption of the amendments to HKAS 12, *Income taxes*, certain comparative figures have been adjusted to reflect the decrease in accrual of deferred tax liabilities related to investment properties carried at fair value. Further details of these changes in accounting policies are disclosed in note 2.

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 2011, the Group's turnover from property investment in Macau increased by about 5% to HK\$20.9 million. This resulted from an increased level of economic activity in Macau arising from the continuing construction and development of the COTAI area which has translated into higher demand for rental properties by expatriates working in Macau. There had not been any sale of properties for the Group in Macau during the first half of 2011. As a result, total turnover in Macau reduced by 77% to HK\$20.9 million.

Vietnam

During the first half of 2011, *Sheraton Saigon Hotel and Grand Towers* reported an increase in occupancy rate from 60% in the six month period in 2010, to 65% for the same period in 2011. Average room rate also increased to US\$174 for the same first months of 2011, as compared to US\$164 in the corresponding period in 2010. This improvement reported by the hotel is in line with the increase in visitor arrivals to Ho Chi Minh City in the first half of 2011 as well as an increase in business activities in the city during this same period. The hotel has continued to win international awards which consolidated the hotel's position 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 70% for the first six months of 2011, as compared to 61% in the corresponding period in 2010. Average room rate adjusted upwards to US\$142 in 2011 as compared to US\$139 for the same period in 2010.

PRC

The *Holiday Inn Wuhan Riverside* reported an increase in turnover for the first six months of 2011, as compared to the same period in 2010. Occupancy rate improved marginally to 70% for the first six months, as compared to 63% for the same period in 2010. Average room rate increased to RMB416 in 2011, as compared to RMB351 in 2010. As a result of increased revenue and effective cost control, profit contribution from the subsidiary increased in the first half of 2011 as compared to 2010.

US

The *W San Francisco* has reported good results for the first six months of 2011 despite ongoing renovations on the property. During this period, occupancy rate has improved to 82% as compared to 79% during the same period in 2010. Average room rate was at US\$259, as compared to US\$223 during the same period in 2010.

Japan

The natural disaster which hit Japan in March 2011 has not resulted in any physical damage to the Group's property portfolio in Tokyo. The operating results in the first six months of 2011 were satisfactory. *Iris Ginza East*, with 77 apartment units, has reported occupancy rate of 94% in the first half of 2011, as compared to 95% during the 5-month period up to the end of June last year. *Iris Suitengu*, also with 77 apartment units, has reported occupancy rate of 87% during the first half of 2011 as compared to 95% during the month of June last year.

Canada

During the first half of 2011, contribution from Canadian operations to the Group has dropped slightly.

In the first half of 2011, average room rate at *DoubleTree International Plaza Hotel* dropped to C\$109 as compared to C\$119 in the first half of 2010. Occupancy rate improved slightly to 72% from 67% for the same respective period. The *Sheraton Ottawa Hotel* reported a reduction in occupancy rate to 71% for the first half of 2011, as compared to 73% in 2010, while average room rate improved slightly to C\$147 in the first half of 2011, as compared to C\$142 in the corresponding period in 2010.

FINANCIAL REVIEW

The Group's turnover was HK\$558.7 million for the first six months of 2011, a decrease of 6% over the corresponding period in 2010. The Group withheld from any sale of its properties in Macau during the first half of 2011 to adhere to the strategy of releasing remaining properties at the best possible time to maximize property development margin. Revenue from hotel operations amounted to HK\$521.3 million, an increase of 5% as compared to HK\$495.8 million in the corresponding period in 2010. This increase was primarily attributable to the overall improvement in average room rates and occupancy rates for all hotels. Operating profit was HK\$155.8 million for the period ended 30 June 2011, as compared to HK\$117.6 million in 2010. Profit attributable to equity shareholders of HK\$99.9 million was reported as compared to HK\$100.3 million in 2010.

At 30 June 2011, the Group had total bank and other borrowings of HK\$891.2 million (31 December 2010: HK\$915.1 million) and bank deposits and cash of HK\$1,590.9 million (31 December 2010: HK\$1,562.6 million). Of the total bank loans of HK\$742.6 million (31 December 2010: HK\$770.0 million), HK\$404.9 million (31 December 2010: HK\$412.0 million) are repayable within one year or on demand, HK\$20.2 million (31 December 2010: HK\$20.2 million) are repayable after one year but within two years and the remaining of HK\$317.5 million (31 December 2010: HK\$337.8 million) are repayable after two years but within five years.

The Group's bank borrowings are mostly in Japanese Yen and United States dollars. Bank deposits and cash are mostly in Renminbi, Hong Kong dollars, Canadian dollars, Australian 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 2011, a hotel property and certain properties held for sale with an aggregate carrying value of approximately HK\$769.0 million (31 December 2010: HK\$772.3 million), bank deposits of HK\$533.1 million (31 December 2010: HK\$516.2 million), equity securities with fair value of HK\$2.9 million (31 December 2010: HK\$Nil), interest accruals of HK\$1.4 million (31 December 2010: HK\$Nil), and outstanding forward foreign currency contracts with nominal value of HK\$Nil (31 December 2010: HK\$367.0 million) were pledged to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2011, 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 (31 December 2010: HK\$8.3 million).

At 30 June 2011, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$40.2 million (31 December 2010: HK\$39.1 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 of time. Accordingly, no provision for these claims has been made in the interim financial statements.

PROSPECTS

The first half of 2011 witnessed further deterioration in investment sentiments and consumer spending in the US. Unemployment has remained stubbornly high. Sovereign default continues to be a risk facing several European countries. In China and the rest of Asia, there is growing concern as to how events in developed countries will impact Asian economies. The likelihood of unforeseen events will therefore cast a long shadow on the Group's operations in the second half of 2011.

Against this background, however, the Group intends to maintain its policy of seeking investments which offer long term value. Risks give rise to opportunities; hence the Group will continue to focus on businesses and geographical areas in which the Group and its management are experienced.

PERSONNEL

At 30 June 2011, the Group had approximately 1,752 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. 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 2011.

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, 4 October 2011 to Monday, 10 October 2011, 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, 3 October 2011.

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 2011.

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

Hong Kong, 29 August 2011

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.