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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)

2013 FINAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Keck Seng Investments (Hong Kong) Limited (the “Company”) hereby announces the consolidated final results of the Company and its subsidiaries (the “Group”), and associated companies for the year ended 31 December 2013. These results have been reviewed by the Audit Committee of the Board and the figures in respect of the preliminary announcement of these results have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this Announcement.

The consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2013 was HK\$326,231,000 (HK\$0.959 per share), compared to HK\$355,585,000 (HK\$1.045 per share) in 2012.

The Board has recommended the payment of a final dividend of HK\$0.15 (2012: HK\$0.17) per share for the year. Together with the interim dividend of HK\$0.03 (2012: HK\$0.03) per share, the total dividend for the year ended 31 December 2013 will be HK\$0.18 (2012: HK\$0.20) per share. Subject to equity shareholders’ approval of the payment of the final dividend at the forthcoming Annual General Meeting of the Company, the proposed final dividend is expected to be paid on or around 30 June 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Note	2013 HK\$'000	2012 HK\$'000
Turnover	3	1,260,458	1,363,943
Cost of sales		(136,098)	(161,511)
		1,124,360	1,202,432
Other revenue	4(a)	29,228	92,867
Other net gains	4(b)	21,157	30,511
Direct costs and operating expenses		(433,490)	(447,363)
Marketing and selling expenses		(66,505)	(54,821)
Depreciation of fixed assets		(89,847)	(94,186)
Administrative and other operating expenses		(230,795)	(231,524)
		354,108	497,916
Operating profit		354,108	497,916
Increase in fair value of investment properties		183,335	77,425
		537,443	575,341
Finance costs	5(a)	(5,280)	(14,732)
Share of profits less losses of associates		5,095	13,299
		537,258	573,908
Profit before taxation	5	537,258	573,908
Income tax	6	(106,987)	(100,718)
		430,271	473,190
Profit for the year		430,271	473,190
Attributable to:			
Equity shareholders of the Company		326,231	355,585
Non-controlling interests		104,040	117,605
		430,271	473,190
Profit for the year		430,271	473,190
Earnings per share, basic and diluted (cents)	7	95.9	104.5

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2013 HK\$'000	2012 HK\$'000
Profit for the year	<u>430,271</u>	473,190
Other comprehensive income for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	(33,995)	(16,955)
Available-for-sale securities:		
- changes in fair value recognised during the year	6,995	11,857
- transferred to consolidated income statement on disposal	<u>(18,563)</u>	-
Other comprehensive income for the year	<u>(45,563)</u>	(5,098)
Total comprehensive income for the year	<u>384,708</u>	468,092
Attributable to:		
Equity shareholders of the Company	283,846	351,835
Non-controlling interests	<u>100,862</u>	116,257
Total comprehensive income for the year	<u>384,708</u>	468,092

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Fixed assets			
- Investment properties		606,000	422,665
- Other properties and fixed assets		1,140,315	1,203,342
- Interests in leasehold land held for own use under operating lease		228,138	239,851
		1,974,453	1,865,858
Interest in associates		204,720	205,775
Available-for-sale securities		5,294	65,317
		2,184,467	2,136,950
Current assets			
Trading securities		12,189	1,938
Properties held for sale		280,658	283,527
Inventories		4,870	4,876
Trade and other receivables	8	54,024	57,553
Derivative financial assets		-	459
Pledged deposits		185,614	307,399
Deposits and cash		1,753,666	1,538,874
Taxation recoverable		-	6,048
		2,291,021	2,200,674
Current liabilities			
Bank loans, secured	9	71,602	383,145
Trade and other payables	10	212,991	214,061
Loan from an associate		464	464
Loans from non-controlling shareholders		30,372	30,664
Amount due to an affiliated company		20,963	19,441
Derivative financial liabilities		-	563
Taxation payable		37,526	65,891
		373,918	714,229
Net current assets		1,917,103	1,486,445
Total assets less current liabilities		4,101,570	3,623,395
Non-current liabilities			
Bank loans, secured	9	221,793	-
Deferred revenue		6,667	7,055
Loans from non-controlling shareholders		49,588	45,889
Loan from an affiliated company		50,941	48,160
Deferred tax liabilities		90,091	84,670
		419,080	185,774
NET ASSETS		3,682,490	3,437,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December*

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Capital and reserves			
Share capital		340,200	340,200
Reserves		2,780,278	2,570,314
Total equity attributable to equity shareholders of the Company		3,120,478	2,910,514
Non-controlling interests		562,012	527,107
TOTAL EQUITY		3,682,490	3,437,621

Notes:

1. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012, with the addition of the new and revised HKFRSs as set out in note 2.

2. Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the notes to the consolidated financial statements included in the annual report.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the notes to the consolidated financial statements included in the annual report. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3. Segment 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 three 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 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 segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau and residential properties in Japan, and of development, sales and marketing of the Group's trading properties in Macau.
- (iii) 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, assets and liabilities

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 with the exception of interest in associates.

Segment liabilities include all trade and other payable attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

Analysis of segment results of the Group

	<i>External turnover</i>	<i>Inter-segment turnover</i>	<i>Total turnover</i>	<i>Depreciation of fixed assets</i>	<i>Finance costs</i>	<i>Share of results of associates</i>	<i>Income tax</i>	<i>Contribution to profit</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2013								
Hotel	1,164,294	-	1,164,294	(84,867)	(4,930)	5,096	(77,533)	191,785
- Vietnam	603,133	-	603,133	(33,236)	-	11,403	(48,111)	145,806
- United States	452,778	-	452,778	(29,870)	(4,930)	-	(27,820)	43,016
- The People's Republic of China	73,304	-	73,304	(15,623)	-	-	-	3,718
- Canada	-	-	-	-	-	(6,307)	-	(6,307)
- Japan	35,079	-	35,079	(6,138)	-	-	(1,602)	5,552
Property	93,341	1,417	94,758	(4,890)	(32)	-	(29,167)	210,986
- Macau #	93,341	1,417	94,758	(4,890)	(32)	-	(29,167)	210,986
Investment and corporate	2,823	-	2,823	(90)	(318)	(1)	(287)	27,500
Inter-segment elimination	-	(1,417)	(1,417)	-	-	-	-	-
Total	1,260,458	-	1,260,458	(89,847)	(5,280)	5,095	(106,987)	430,271

	<i>External turnover</i>	<i>Inter-segment turnover</i>	<i>Total turnover</i>	<i>Depreciation of fixed assets</i>	<i>Finance costs</i>	<i>Share of results of associates</i>	<i>Income tax</i>	<i>Contribution to profit</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2012								
Hotel	1,146,360	-	1,146,360	(86,003)	(7,082)	13,300	(72,351)	241,940
- Vietnam	638,038	-	638,038	(35,098)	-	12,110	(50,955)	204,228
- United States	405,479	-	405,479	(28,710)	(7,082)	-	(20,561)	33,995
- The People's Republic of China	66,828	-	66,828	(13,360)	-	-	-	345
- Canada	-	-	-	-	-	1,190	-	1,190
- Japan	36,015	-	36,015	(8,835)	-	-	(835)	2,182
Property	214,679	1,430	216,109	(8,093)	(6,492)	-	(28,050)	190,411
- Macau #	190,291	1,430	191,721	(8,093)	(15)	-	(25,208)	182,177
- Japan	24,388	-	24,388	-	(6,477)	-	(2,842)	8,234
Investment and corporate	2,904	-	2,904	(90)	(1,158)	(1)	(317)	40,839
Inter-segment elimination	-	(1,430)	(1,430)	-	-	-	-	-
Total	1,363,943	-	1,363,943	(94,186)	(14,732)	13,299	(100,718)	473,190

External turnover from property segment in Macau included rental income from investment properties of HK\$12,415,000 (2012: HK\$12,130,000), rental income from properties held for sale of HK\$42,756,000 (2012: HK\$36,044,000), proceeds from the sale of properties held for sale of HK\$24,686,000 (2012: HK\$129,597,000) and club operations and others of HK\$13,484,000 (2012: HK\$12,520,000).

Note:

The Group previously reported separate "Property development" and "Property investment" segments. In accordance with the way in which information is now reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the financial results of the Group's property sale and leasing activities are now reported within the "Property" segment. Comparative figures have been restated accordingly.

Analysis of total assets of the Group

	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
At 31 December 2013				
Hotel				
- Vietnam	438,138	120,476	558,614	5,023
- United States	725,564	-	725,564	13,808
- The People's Republic of China	243,327	-	243,327	22,642
- Canada	-	80,107	80,107	-
- Japan	120,924	-	120,924	194
Property				
- Macau	1,604,201	-	1,604,201	986
Investment and corporate	1,138,614	4,137	1,142,751	-
Total	4,270,768	204,720	4,475,488	42,653
	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
At 31 December 2012				
Hotel				
- Vietnam	485,298	109,074	594,372	4,405
- United States	730,579	-	730,579	16,688
- The People's Republic of China	236,883	-	236,883	34,270
- Canada	-	92,565	92,565	-
- Japan	156,067	-	156,067	1,090
Property				
- Macau	1,208,966	-	1,208,966	789
Investment and corporate	1,314,056	4,136	1,318,192	-
Total	4,131,849	205,775	4,337,624	57,242

Analysis of total liabilities of the Group

	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
At 31 December 2013			
Hotel			
- Vietnam	102,436	-	102,436
- United States	79,534	241,956	321,490
- The People's Republic of China	118,947	-	118,947
- Japan	2,707	-	2,707
Property			
- Macau	132,215	-	132,215
Investment and corporate	63,764	51,439	115,203
	<hr/>	<hr/>	<hr/>
Total	499,603	293,395	792,998
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
At 31 December 2012			
Hotel			
- Vietnam	127,631	-	127,631
- United States	77,013	292,638	369,651
- The People's Republic of China	110,383	-	110,383
- Japan	2,403	-	2,403
Property			
- Macau	115,268	-	115,268
Investment and corporate	84,160	90,507	174,667
	<hr/>	<hr/>	<hr/>
Total	516,858	383,145	900,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Other revenue and other net gains

	2013 HK\$'000	2012 HK\$'000
(a) <i>Other revenue</i>		
Interest income from bank deposits	24,292	35,132
Dividend income from listed available-for-sale and trading securities	238	282
Other revenue from hotel and club operations	4,698	57,453
	<u>29,228</u>	<u>92,867</u>

Other revenue from hotel and club operations in 2012 includes HK\$53 million of discounts granted by the third party service providers of the Group's Club in Vietnam in respect of prior year management fees charged to the Group.

	2013 HK\$'000	2012 HK\$'000
(b) <i>Other net gains</i>		
Gain on disposal of available-for-sale securities		
- transferred from the fair value reserve	18,563	-
Net exchange gains	10,930	21,169
Net unrealised gains/(losses) on trading securities	491	(194)
(Loss)/gain on disposal of fixed assets	(8,974)	9,982
Others	147	(446)
	<u>21,157</u>	<u>30,511</u>

5. Profit before taxation

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

	2013	2012
	HK\$'000	HK\$'000
<i>(a) Finance costs</i>		
Interest on bank loans wholly repayable within five years	5,247	14,718
Interest paid on amount due to an affiliated company	33	14
	5,280	14,732
<i>(b) Staff costs</i>		
Salaries, wages and other benefits	282,472	264,557
Contributions to defined contribution retirement plans	5,014	4,629
	287,486	269,186
<i>(c) Other items</i>		
Cost of properties sold	2,869	19,857
Cost of inventories	133,229	141,654
Net gain on forward foreign exchange contracts	(5,824)	(522)
Auditors' remuneration		
- Audit services	2,445	2,539
- Other services	913	1,769
Operating lease charges for hire of premises	3,783	3,659
Rentals receivable from investment properties less direct outgoings of HK\$556,000 (2012: HK\$4,036,000)	(11,859)	(32,482)
- Macau	(11,859)	(11,611)
- Japan	-	(20,871)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$2,795,000 (2012:HK\$2,578,000)	(44,662)	(37,875)

6. Income tax in the consolidated income statement

	2013 HK\$'000	2012 HK\$'000
<i>Current tax - Overseas</i>		
Provision for the year	102,441	87,917
Over-provision in respect of prior years	(925)	(1,887)
	101,516	86,030
<i>Deferred tax</i>		
Origination and reversal of other temporary differences	5,471	14,688
	106,987	100,718

Notes:

- (a) 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 or had unutilised tax loss to set-off against taxable income during 2012 and 2013.
- (b) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) Share of associates' tax for the year ended 31 December 2013 of HK\$9,067,000 (2012: HK\$10,617,000) is included in the share of profits less losses of associates.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$326,231,000 (2012: HK\$355,585,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2013 and 2012.

There are no potential dilutive ordinary shares during the years ended 31 December 2013 and 2012.

8. 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:

	2013 HK\$'000	2012 HK\$'000
Within one month	27,541	20,642
One to three months	7,648	10,683
	35,189	31,325

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 to 30 days. Trade customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

9. Bank loans, secured

	2013	2012
	HK\$'000	HK\$'000
Repayable within one year or on demand	<u>71,602</u>	383,145
Repayable after one year but within two years	40,326	-
Repayable after two years but within five years	<u>181,467</u>	-
	<u>221,793</u>	-
	293,395	383,145

At 31 December 2013, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

- (i) properties held for sale with a carrying value of HK\$63,898,000 (2012: HK\$66,767,000),
- (ii) hotel property of the Group with aggregate carrying value of HK\$623,882,000 (2012: HK\$661,412,000),
- (iii) bank deposits of HK\$185,614,000 (2012: HK\$307,399,000), and
- (iv) equity securities with fair value of HK\$1,724,000 (2012: HK\$1,938,000).

10. Trade and other payables

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

	2013	2012
	HK\$'000	HK\$'000
Due within one month or on demand	21,920	24,181
Due after one month but within three months	9,367	20,176
Due after three months	<u>16,390</u>	15,108
	47,677	59,465

11. Dividends

- (a) Dividends payable to equity shareholders of the Company attributable to the year

	2013 HK\$'000	2012 HK\$'000
Interim dividend declared and paid of HK\$0.03 (2012: HK\$0.03) per ordinary share	10,206	10,206
Final dividend proposed after the end of the reporting period of HK\$0.15 (2012: HK\$0.17) per ordinary share	51,030	57,834
	<u>61,236</u>	<u>68,040</u>

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

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2013 HK\$'000	2012 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.17 (2012: HK\$0.10) per ordinary share	57,834	34,020

12. Commitments

- (a) At 31 December 2013, capital commitments outstanding not provided for in the financial statements are as follows:

	2013 HK\$'000	2012 HK\$'000
Contracted for	38,795	42,853
Authorised but not contracted for	2,748	1,943
	<u>41,543</u>	<u>44,796</u>

- (b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 HK\$'000	2012 HK\$'000
Leases on premises expiring:		
- within one year	3,000	1,636
- after one year but within five years	2,060	63
	<u>5,060</u>	<u>1,699</u>

13. EVENT AFTER THE REPORTING PERIOD

A subsidiary of the Group, Ocean Place Joint Venture Company Limited (“OPJV”), was the defendant in litigation arising from its club operations in Vietnam. The plaintiff, a patron of the hotel’s club, claimed winnings from a gaming machine in the club in the amount of approximately US\$55.5 million (equivalent to HK\$433 million) plus interest, and filed a lawsuit against OPJV in 2010.

On 7 January 2013, The People’s Court of District 1, Ho Chi Minh City (the “Court”) made a ruling against OPJV in the amount of approximately US\$55.5 million plus court fees (the “Judgement”). On 21 January 2013, OPJV lodged an appeal to seek reversal of the Judgement on the basis that it was not made in compliance with applicable laws.

On 2 January 2014, the Court accepted an application from the plaintiff to withdraw the litigation against OPJV with no order for payment by OPJV. The Court has further ruled to cancel the previous Judgement. The decision issued by the Court is final and binding to the parties. The Group has not incurred any financial costs for the case except for legal fees.

REVIEW OF OPERATIONS

The Group's turnover for 2013 was HK\$1,260.5 million, a drop of 8% as compared to HK\$1,363.9 million in 2012.

A summary and analysis of the operations are as follows.

Vietnam

During the year 2013, there were no new supplies of 5-star hotel rooms in Ho Chi Minh City. Several hotel development projects were progressing at a slow speed or were suspended as the Vietnamese economy went through a period of adjustment. Overall tourism arrivals to the city have increased marginally in 2013. Investment and commercial activity in Ho Chi Minh City, however, remained at a low level.

Sheraton Saigon Hotel and Towers The hotel has reported an increase in occupancy ratio to 72.4% in 2013, as compared to 69.4% in 2012. With a view towards optimizing revenue per room, average room rate dropped marginally to US\$164 per room night in 2013, as compared to US\$166 in 2012. The hotel has continued to be recognized as a top luxury hotel in the city and has during the year received accolades and awards for its outstanding facilities and quality service to customers.

As previously announced to shareholders on 3 January 2014, a court in Ho Chi Minh City, Vietnam has accepted an application from the plaintiff to withdraw a lawsuit previously filed against a subsidiary of the Group in Vietnam in the amount of approximately US\$55 million. This followed the filing of an appeal by the subsidiary seeking reversal of a verdict made on 7 January 2013 by the court in favour of the plaintiff. With this latest court verdict, which resulted in a cancellation of the previous verdict and no order of payment by the subsidiary, we are happy to report that the lawsuit is now completely and satisfactorily settled. The Group has not incurred any financial costs for the case or the First Instance Decision except for legal fees.

During 2013, the hotel has won numerous international and local hotel awards and accolades from agencies and government departments such as TripAdvisor and the Ho Chi Minh City People's Committee for its excellent service and quality standards.

Caravelle Hotel For 2013, average room rate has decreased to US\$130, as compared to US\$139 in 2012. Occupancy rate has increased marginally to 67% in 2013, as compared to 66% in 2012. Share of contribution to profit from Vietnam was HK\$11.4 million for 2013, a drop of 6% from the 2012 level of HK\$12.1 million.

The United States ("US")

W San Francisco The economy is continuing on track towards gradual recovery, with modest gains in employment and growth. W continues to leverage on the strength of the Californian economy, particularly the IT and other sectors in the Silicon Valley and the San Francisco area. Occupancy ratio for the hotel increased to 88% for 2013, as compared to 84% in 2012. Average room rate also increased to US\$302 per room night during 2013, as compared to US\$278 in 2012. Contribution to profits also increased to HK\$43 million in 2013, as compared to HK\$34 million in 2012.

Not only has the hotel consolidated its position as one of the trendiest hotel in US, the property has also enhanced its reputation as a green hotel. It was listed number 7 in the TripAdvisor 2013 Green Leaders List, and is one of the only eight LEED Gold-Level hotels in all of San Francisco.

Macau

The Macau SAR continues to report robust economic growth and low unemployment on the back of strong tourism arrivals and gaming receipts. When statistics for 2013 full year are published, it is expected that GDP per capita will be close to US\$80,000, with unemployment remaining at around 1.6%. The SAR has further cemented its position as the premier gaming hub of the world, registering total gaming receipts of MOP360 billion in 2013, an increase of 19% over the previous year. Total retail sales also climbed 23% to MOP66 billion in 2013.

As construction of new hotels, gaming facilities and shopping centres continue in COTAI over the course of the next four years and beyond, and as more visitors flow into the territory, it is expected that economic growth will continue to be driven by the gaming and tourism industries, and with significant and multiplier and spill-over effects into all sectors of the economy, including the property sector. In fact, in anticipation of the continuing COTAI boom, capital value of retail space has risen dramatically in the second half of 2013.

Further, with the estimated completion of the Hong Kong-Zhuhai-Macau Bridge in 2016/2017, significant improvement in access to Macau from China via high-speed trains, and general improvement in infrastructure in Macau itself with the construction of the light rail trains, property values in general are expected to hold steady and increase in line with economic growth.

Against this background, and with an objective to enhance shareholders' value, the Group has decided to continue its policy of adopting a flexible approach towards pricing and marketing of its properties held for sale in Macau. Specifically, the Group will continue to be vigilant in monitoring market developments and price movements in the luxurious residential sector with a view towards sale at price points that will optimize profits for the Group. In the meantime, the Group will continue to take advantage of the strength of the leasing market in Macau residential properties and lease out as many of the vacant units as possible to ensure that there is a good return from these properties.

Profits contributed by the Group's properties in Macau was HK\$210.9 million in 2013, as compared to HK\$182.1 million in 2012 including mainly increase in fair value of investment properties of HK\$183.3 million as compared to HK\$77.4 million in 2012 and profits from sale of properties of HK\$19.1 million as compared to HK\$96.4 million in 2012.

The People's Republic of China

Holiday Inn Wuhan Riverside Despite a change in consumption pattern due to vigorous austerity measures imposed by the Central Government, aggressive selling and promotion campaign by the hotel management has resulted in revenue growth of 10% in 2013. During the year, average room rate increased to Rmb455, as compared to Rmb434 in 2012, whilst occupancy rate has also improved during the same period to 67% from 62% in 2012. Contribution to profit for 2013 was HK\$3.7 million as compared to HK\$0.34 million in 2012.

During the year, the hotel has won numerous awards of excellence for its service and standards by international organizations such as TripAdvisor, as well as by private rating agencies and government departments.

Canada

Economic activity in Canada remained flat in 2013 with a GDP growth rate of 1.6%. During the year, the Canadian associated companies reported a loss of HK\$6.3 million, as compared to a gain of HK\$1.2 million in 2012. The loss is primarily due to a reduction in revenue and increase in renovation and operating expenses at the International Plaza Hotel in Toronto.

The Sheraton Ottawa Hotel In 2013, the hotel reported an occupancy ratio of 69%, a small drop as compared to 70% in 2012. Average room rate remained the same at C\$163 in 2013.

International Plaza Hotel, Toronto In 2013, the hotel decided not to renew the DoubleTree licence in view of the extensive renovation required by the brand. As from 27 August 2013, the hotel has been operating as an independent hotel. During 2013, the hotel reported occupancy ratio of 62%, a drop as compared to the 2012 occupancy ratio of 70%. Average room rate also dropped to C\$102 in 2013, as compared to C\$105 in 2012. In 2014, the hotel will focus on upgrading of facilities and building of a new customer base.

Japan

During 2013, the hotel reported contribution to profit of HK\$5.5 million, as compared to HK\$2.1 million in 2012. Occupancy during 2013 was 89%, as compared to 79% in 2012. Average room rate in 2013 was Yen7,080 per room night, as compared to Yen6,512 in 2012.

Other net gains

Net exchange gain for 2013 amounted to HK\$10.9 million, as compared to a net exchange gain of HK\$21.1 million in 2012.

Net unrealized gains on trading securities for 2013 amounted to HK\$491,000, as compared to a loss of HK\$194,000 in 2012.

There was a loss of disposal of fixed assets in 2013 amounting to HK\$8.9 million, as compared to a gain of HK\$9.9 million in 2012. These were related to disposal of furnitures, fixtures and equipment by the hotels during renovations.

FINANCIAL REVIEW

The Group's turnover was HK\$1,260.5 million for the year ended 31 December 2013; a decrease of 8% as compared to year 2012. The decrease was primarily attributable to the combined effects of decrease in sales of properties held for sale situated in Macau, which partly offset by the growth of regional hotel revenue from improvement in average room rates and occupancy rates.

The Group's operating profit was HK\$354.1 million for the year ended 31 December 2013 as compared to HK\$497.9 million in 2012. Profit attributable to equity shareholders amounted to HK\$326.2 million (2012: HK\$355.6 million).

At 31 December 2013, the Group has total bank loans of HK\$293.4 million (2012: HK\$383.1 million) and deposits and cash of HK\$1,939.3 million (2012: HK\$1,846.2 million). Of the total bank borrowings, HK\$71.6 million are repayable within one year, HK\$40.3 million are repayable after one year but within two years and the remaining of HK\$181.5 million are repayable after two years but within five years. All the bank loans at 31 December 2012 are repayable within one year or on demand.

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

PLEDGE OF ASSETS

As at 31 December 2013, a hotel property and certain properties held for sale with an aggregate value of HK\$687.8 million (2012: HK\$728.1 million), bank deposits of HK\$185.6 million (2012: HK\$307.3 million) and equity securities with fair value of HK\$1.7 million (2012: HK\$1.9 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2013, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK\$8.2 million (2012: HK\$8.2 million).

At 31 December 2013, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$36.4 million (2012: HK\$38.9 million).

PROSPECTS

The Group continues to adopt an optimistic view of the fundamental strength of the economies in which our major assets are located, viz. Macau, US and Vietnam. The Group also believes that these assets will continue to provide anchor and stability to the Group's profits in the coming years. Whilst improvements in the US, the world's leading economy, are duly noted, there is simply too much potential disruptions to global finance in the short term for anyone to state categorically that there will be smooth sailings ahead. The Group, however, enjoys strong cash inflow from its business operations and will be well poised to take advantage of any short-term disruptions to deploy its cash towards worthwhile acquisitions. We have and will continue to maintain an investment policy that creates long-term value.

PERSONNEL

At 31 December 2013, the Group had approximately 1,798 employees. A policy of localising 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 experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year under review.

CORPORATE GOVERNANCE

The Company had been in compliance with the Code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2013, 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, the role was 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 were not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board 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.

CHANGE OF ADDRESS OF HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong share registrar and transfer office of the Company, Tricor Tengis Limited (the "Share Registrar"), will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong to

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming Annual General Meeting to be held on 9 June 2014 (“2014 AGM”), the Register of Members of the Company will be closed from Tuesday, 3 June 2014 to Monday, 9 June 2014, both days inclusive. In order to qualify for attending and voting at the 2014 AGM, all transfer documents should be lodged for registration with the Company’s Share Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014) for registration no later than 4:30 p.m. on Friday, 30 May 2014.

The proposed final dividend is subject to the approval of the Shareholders of the Company at the 2014 AGM. The record date for entitlement to the purposed final dividend is 23 June 2014. For the purpose of determining shareholders who qualify for the final dividend (if approved), the Register of Members of the Company will be closed from Tuesday, 17 June 2014 to Monday, 23 June 2014 both days inclusive. In order to qualify for the final dividend (if approved), all transfer documents should be lodged for registration with the Company’s Share Registrar, Tricor Tengis Limited, at the above address for registration no later than 4:30 p.m. on Monday, 16 June 2014. The payment of final dividend (if approved) will be scheduled on or around 30 June 2014.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company will be held on Monday, 9 June 2014.

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

Hong Kong, 21 March 2014

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, Ms WANG Poey Foon Angela and Mr YU Hon To as independent non-executive directors.