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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)

2014 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 2014. 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 2014 was HK\$268,143,000 (HK\$0.788 per share), compared to HK\$326,231,000 (HK\$0.959 per share) in 2013.

The Board has recommended the payment of a final dividend of HK\$0.12 (2013: HK\$0.15) per share for the year. Together with the interim dividend of HK\$0.03 (2013: HK\$0.03) per share, the total dividend for the year ended 31 December 2014 will be HK\$0.15 (2013: HK\$0.18) 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 17 June 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Note	2014 HK\$'000	2013 HK\$'000 (restated)
Turnover	3	1,519,090	1,357,329
Cost of sales		(159,252)	(142,068)
		1,359,838	1,215,261
Other revenue	4(a)	34,821	30,519
Other net (losses)/gains	4(b)	(16,698)	21,099
Direct costs and operating expenses		(538,675)	(482,874)
Marketing and selling expenses		(71,045)	(66,617)
Depreciation of fixed assets		(99,302)	(97,138)
Administrative and other operating expenses		(313,829)	(263,089)
		355,110	357,161
Operating profit		355,110	357,161
Increase in fair value of investment properties		137,000	183,335
		492,110	540,496
Finance costs	5(a)	(9,480)	(6,535)
Share of profits less losses of associates		6,817	4,481
		489,447	538,442
Profit before taxation	5	489,447	538,442
Income tax	6	(108,500)	(107,557)
		380,947	430,885
Profit for the year		380,947	430,885
Attributable to:			
Equity shareholders of the Company		268,143	326,231
Non-controlling interests		112,804	104,654
		380,947	430,885
Profit for the year		380,947	430,885
Earnings per share, basic and diluted (cents)	7	78.8	95.9

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 12(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2014 HK\$'000	2013 HK\$'000 (restated)
Profit for the year	380,947	430,885
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	(32,324)	(36,996)
Available-for-sale securities:		
- changes in fair value recognised during the year	(739)	6,995
- transferred to consolidated income statement on disposal	-	(18,563)
Other comprehensive income for the year	(33,063)	(48,564)
Total comprehensive income for the year	347,884	382,321
Attributable to:		
Equity shareholders of the Company	240,227	283,846
Non-controlling interests	107,657	98,475
Total comprehensive income for the year	347,884	382,321

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2014 HK\$'000	31 December 2013 HK\$'000 (restated)	1 January 2013 HK\$'000 (restated)
Non-current assets				
Fixed assets	8			
- Investment properties		743,000	606,000	422,665
- Other properties and fixed assets		2,655,177	1,220,223	1,291,153
- Land		843,406	258,185	271,990
		4,241,583	2,084,408	1,985,808
Interest in associates		157,332	164,364	163,032
Available-for-sale securities		4,555	5,294	65,317
		4,403,470	2,254,066	2,214,157
Current assets				
Trading securities		9,513	12,189	1,938
Properties held for sale		280,658	280,658	283,527
Inventories		6,432	5,516	5,451
Trade and other receivables	9	145,591	65,383	67,944
Derivative financial assets		2,644	-	459
Pledged deposits		172,693	185,614	307,399
Deposits and cash		1,468,247	1,761,549	1,550,975
Taxation recoverable		10,006	-	6,048
		2,095,784	2,310,909	2,223,741
Current liabilities				
Bank loans, secured	10	113,021	73,787	385,146
Trade and other payables	11	358,735	242,668	244,989
Loan from an associate		464	464	464
Loans from non-controlling shareholders		134,952	30,372	30,664
Derivative financial liabilities		-	-	563
Taxation payable		22,053	37,526	65,936
		629,225	384,817	727,762
Net current assets		1,466,559	1,926,092	1,495,979
Total assets less current liabilities		5,870,029	4,180,158	3,710,136
Non-current liabilities				
Bank loans, secured	10	1,819,797	260,025	43,998
Deferred revenue		6,278	6,667	7,055
Loans from non-controlling shareholders		-	100,529	94,049
Deferred tax liabilities		114,388	90,091	84,670
		1,940,463	457,312	229,772
NET ASSETS		3,929,566	3,722,846	3,480,364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		31 December 2014	31 December 2013	1 January 2013
	<i>Note</i>	HK\$'000	HK\$'000	HK\$'000
			(restated)	(restated)
Capital and reserves				
Share capital	13	498,305	340,200	340,200
Reserves		2,796,949	2,780,278	2,570,314
Total equity attributable to equity shareholders of the Company		3,295,254	3,120,478	2,910,514
Non-controlling interests		634,312	602,368	569,850
TOTAL EQUITY		3,929,566	3,722,846	3,480,364

Notes:

1. Basis of preparation of the financial statements and principal accounting policies

(a) Statement of compliance

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”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that 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 2013, with the addition of note 1(b) below and the new and revised HKFRSs as set out in note 2.

(b) Merger accounting for business combination involving entity under common control

The Group holds a 50% equity interest in Chateau Ottawa Hotel Inc. (“Chateau Ottawa”), which owns a hotel property in Canada. The Group’s ultimate holding company, Ocean Inc., holds an additional 5% indirect equity interest in Chateau Ottawa. Prior to November 2014 the Group accounted for Chateau Ottawa as an associate as it was able to exercise significant influence, but not control, over Chateau Ottawa.

In November 2014, Ocean Inc., through its wholly owned subsidiary, undertook that it would in future exercise its 5% voting right in Chateau Ottawa in accordance with the instruction of the Company (the “Undertaking”). Accordingly, from November 2014 the directors consider that the Group controls Chateau Ottawa.

As the Company and Chateau Ottawa have been under the common control of Ocean Inc., with such control not being transitory, the Group’s obtaining of control over Chateau Ottawa pursuant to the Undertaking is considered a business combination involving an entity under common control and Accounting Guideline 5 (“AG5”), *Merger Accounting for Common Control Combinations*, issued by HKICPA has been applied. The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented in accordance with AG 5. The comparative amounts in the consolidated financial statements are restated and presented as if Chateau Ottawa had been combined at the beginning of the previous reporting period.

The net assets of Chateau Ottawa have been consolidated using the existing book values from the perspective of Ocean Inc., the common controlling party, which are consistent with the book values from the Group’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of the business combination, to the extent of the continuation of the controlling party’s interest. The consolidated income statement and the consolidated statement of comprehensive income include the results of Chateau Ottawa from the earliest date presented. As the Group’s interest in Chateau Ottawa remains the same before and after the combination, and Chateau Ottawa was previously equity accounted for by the Group, the application of merger accounting has no significant impact on the previously-reported amounts of the Group’s profit, total comprehensive income and total equity attributable to the Company’s equity shareholders, and on the previous-reported earnings per share amounts.

1. Basis of preparation of the financial statements and principal accounting policies

(continued)

(b) Merger accounting for business combination involving entity under common control

(continued)

The effects of the adoption of merger accounting on the consolidated income statement for the year ended 31 December 2013 by line items are as follows:

	2013 HK\$'000 (as previously reported)	<i>Effect of merger accounting restatement</i> HK\$'000	2013 HK\$'000 (restated)
Turnover	1,260,458	96,871	1,357,329
Cost of sales	<u>(136,098)</u>	<u>(5,970)</u>	<u>(142,068)</u>
	1,124,360	90,901	1,215,261
Other revenue	29,228	1,291	30,519
Other net gains	21,157	(58)	21,099
Direct costs and operating expenses	(433,490)	(49,384)	(482,874)
Marketing and selling expenses	(66,505)	(112)	(66,617)
Depreciation of fixed assets	(89,847)	(7,291)	(97,138)
Administrative and other operating expenses	<u>(230,795)</u>	<u>(32,294)</u>	<u>(263,089)</u>
Operating profit	354,108	3,053	357,161
Increase in fair value of investment properties	<u>183,335</u>	<u>-</u>	<u>183,335</u>
	537,443	3,053	540,496
Finance costs	(5,280)	(1,255)	(6,535)
Share of profits less losses of associates	<u>5,095</u>	<u>(614)</u>	<u>4,481</u>
Profit before taxation	537,258	1,184	538,442
Income tax	<u>(106,987)</u>	<u>(570)</u>	<u>(107,557)</u>
Profit for the year	<u>430,271</u>	<u>614</u>	<u>430,885</u>
Attributable to:			
Equity shareholders of the Company	326,231	-	326,231
Non-controlling interests	<u>104,040</u>	<u>614</u>	<u>104,654</u>
Profit for the year	<u>430,271</u>	<u>614</u>	<u>430,885</u>

1. Basis of preparation of the financial statements and principal accounting policies**(continued)****(b) Merger accounting for business combination involving entity under common control****(continued)**

The effects of the adoption of merger accounting on the consolidated statement of comprehensive income for the year ended 31 December 2013 by line items are as follows:

	2013 HK\$'000 (as previously reported)	<i>Effect of merger accounting restatement</i> HK\$'000	2013 HK\$'000 (restated)
Profit for the year	430,271	614	430,885
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)	(3,001)	(36,996)
Available-for-sale securities:			
– changes in fair value recognised during the year	6,995	-	6,995
– transferred to consolidated income statement on disposal	(18,563)	-	(18,563)
Other comprehensive income for the year	(45,563)	(3,001)	(48,564)
Total comprehensive income for the year	384,708	(2,387)	382,321
Attributable to:			
Equity shareholders of the Company	283,846	-	283,846
Non-controlling interests	100,862	(2,387)	98,475
Total comprehensive income for the year	384,708	(2,387)	382,321

**1. Basis of preparation of the financial statements and principal accounting policies
(continued)**

**(b) Merger accounting for business combination involving entity under common control
(continued)**

The effects of the adoption of merger accounting on the consolidated statement of financial position as at 1 January 2013 and 31 December 2013 by line items are as follows:

	<i>1 January</i> 2013 HK\$'000 (as previously reported)	<i>Effect of merger accounting restatement</i> HK\$'000	<i>1 January</i> 2013 HK\$'000 (restated)	<i>31 December</i> 2013 HK\$'000 (as previously reported)	<i>Effect of merger accounting restatement</i> HK\$'000	<i>31 December</i> 2013 HK\$'000 (restated)
Non-current assets						
Fixed assets						
- Investment properties	422,665	-	422,665	606,000	-	606,000
- Other properties and fixed assets	1,203,342	87,811	1,291,153	1,140,315	79,908	1,220,223
- Land	239,851	32,139	271,990	228,138	30,047	258,185
	<u>1,865,858</u>	<u>119,950</u>	<u>1,985,808</u>	<u>1,974,453</u>	<u>109,955</u>	<u>2,084,408</u>
Interests in associates	205,775	(42,743)	163,032	204,720	(40,356)	164,364
Available-for-sale securities	65,317	-	65,317	5,294	-	5,294
	<u>2,136,950</u>	<u>77,207</u>	<u>2,214,157</u>	<u>2,184,467</u>	<u>69,599</u>	<u>2,254,066</u>
Current assets						
Trading securities	1,938	-	1,938	12,189	-	12,189
Properties held for sale	283,527	-	283,527	280,658	-	280,658
Inventories	4,876	575	5,451	4,870	646	5,516
Trade and other receivables	57,553	10,391	67,944	54,024	11,359	65,383
Derivative financial assets	459	-	459	-	-	-
Pledged deposits	307,399	-	307,399	185,614	-	185,614
Deposits and cash	1,538,874	12,101	1,550,975	1,753,666	7,883	1,761,549
Taxation recoverable	6,048	-	6,048	-	-	-
	<u>2,200,674</u>	<u>23,067</u>	<u>2,223,741</u>	<u>2,291,021</u>	<u>19,888</u>	<u>2,310,909</u>
Current liabilities						
Bank loans, secured	383,145	2,001	385,146	71,602	2,185	73,787
Trade and other payables	233,502	11,487	244,989	233,954	8,714	242,668
Loan from an associate	464	-	464	464	-	464
Loans from non-controlling shareholders	30,664	-	30,664	30,372	-	30,372
Derivative financial liabilities	563	-	563	-	-	-
Taxation payable	65,891	45	65,936	37,526	-	37,526
	<u>714,229</u>	<u>13,533</u>	<u>727,762</u>	<u>373,918</u>	<u>10,899</u>	<u>384,817</u>
Net current assets	<u>1,486,445</u>	<u>9,534</u>	<u>1,495,979</u>	<u>1,917,103</u>	<u>8,989</u>	<u>1,926,092</u>

**1. Basis of preparation of the financial statements and principal accounting policies
(continued)**

**(b) Merger accounting for business combination involving entity under common control
(continued)**

	<i>1 January 2013 HK\$'000 (as previously reported)</i>	<i>Effect of merger accounting restatement HK\$'000</i>	<i>1 January 2013 HK\$'000 (restated)</i>	<i>31 December 2013 HK\$'000 (as previously reported)</i>	<i>Effect of merger accounting restatement HK\$'000</i>	<i>31 December 2013 HK\$'000 (restated)</i>
Total assets less current liabilities	3,623,395	86,741	3,710,136	4,101,570	78,588	4,180,158
Non-current liabilities						
Bank loans, secured	-	43,998	43,998	221,793	38,232	260,025
Deferred revenue	7,055	-	7,055	6,667	-	6,667
Loans from non-controlling shareholders	94,049	-	94,049	100,529	-	100,529
Deferred tax liabilities	84,670	-	84,670	90,091	-	90,091
	185,774	43,998	229,772	419,080	38,232	457,312
NET ASSETS	<u>3,437,621</u>	<u>42,743</u>	<u>3,480,364</u>	<u>3,682,490</u>	<u>40,356</u>	<u>3,722,846</u>
CAPITAL AND RESERVES						
Share capital	340,200	-	340,200	340,200	-	340,200
Reserves	2,570,314	-	2,570,314	2,780,278	-	2,780,278
Total equity attributable to equity shareholders of the Company	2,910,514	-	2,910,514	3,120,478	-	3,120,478
Non-controlling interests	527,107	42,743	569,850	562,012	40,356	602,368
TOTAL EQUITY	<u>3,437,621</u>	<u>42,743</u>	<u>3,480,364</u>	<u>3,682,490</u>	<u>40,356</u>	<u>3,722,846</u>

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation 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 and the Company's financial statements.

- Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amounts disclosure for non-financial assets*

Amendments to HKAS 32 clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not have a significant impact on the Group's financial statements.

Amendments to HKAS 36 modified certain disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating units whose recoverable amount is based on fair value less costs of disposal. The amendments do not have a significant impact on the Group's financial statements.

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

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 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
2014								
Hotel	1,432,411	-	1,432,411	(94,682)	(9,200)	6,818	(86,487)	230,959
- Vietnam	660,791	-	660,791	(26,413)	-	11,361	(49,646)	174,317
- United States	569,246	-	569,246	(41,135)	(8,012)	-	(32,223)	50,518
- The People's Republic of China	69,440	-	69,440	(15,494)	-	-	-	(3,867)
- Canada	93,270	-	93,270	(6,823)	(1,188)	(4,543)	(1,773)	(423)
- Japan	39,664	-	39,664	(4,817)	-	-	(2,845)	10,414
Property								
- Macau #	83,728	1,599	85,327	(4,531)	(29)	-	(21,721)	163,548
Investment and corporate	2,951	-	2,951	(89)	(251)	(1)	(292)	(13,560)
Inter-segment elimination	-	(1,599)	(1,599)	-	-	-	-	-
Total	1,519,090	-	1,519,090	(99,302)	(9,480)	6,817	(108,500)	380,947
2013								
	<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
	(restated)		(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Hotel	1,261,165	-	1,261,165	(92,158)	(6,185)	4,482	(78,103)	192,399
- 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	96,871	-	96,871	(7,291)	(1,255)	(6,921)	(570)	(5,693)
- Japan	35,079	-	35,079	(6,138)	-	-	(1,602)	5,552
Property								
- 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	1,357,329	-	1,357,329	(97,138)	(6,535)	4,481	(107,557)	430,885

External turnover from property segment in Macau included rental income from investment properties of HK\$15,998,000 (2013: HK\$12,415,000), rental income from properties held for sale of HK\$54,666,000 (2013: HK\$42,756,000), proceeds from the sale of properties held for sale of Nil (2013: HK\$24,686,000) and club operations and others of HK\$13,064,000 (2013: HK\$13,484,000).

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 2014				
Hotel				
- Vietnam	426,088	120,882	546,970	9,562
- United States	2,964,812	-	2,964,812	2,129,291
- The People's Republic of China	229,744	-	229,744	1,483
- Canada	117,213	32,313	149,526	2,156
- Japan	110,995	-	110,995	81
Property				
- Macau	1,682,480	-	1,682,480	3,595
Investment and corporate	810,590	4,137	814,727	-
Total	6,341,922	157,332	6,499,254	2,146,168

	<i>Segment assets</i> HK\$'000 (restated)	<i>Interest in associates</i> HK\$'000 (restated)	<i>Total assets</i> HK\$'000 (restated)	<i>Capital expenditure</i> HK\$'000 (restated)
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	129,843	39,751	169,594	5,037
- 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	4,400,611	164,364	4,564,975	47,690

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 2014			
Hotel			
- Vietnam	103,572	-	103,572
- United States	185,646	1,859,043	2,044,689
- The People's Republic of China	117,759	-	117,759
- Canada	9,638	35,133	44,771
- Japan	3,307	-	3,307
Property			
- Macau	151,862	-	151,862
Investment and corporate	65,086	38,642	103,728
Total	636,870	1,932,818	2,569,688
	<i>Segment liabilities</i> HK\$'000 (restated)	<i>Bank borrowings</i> HK\$'000 (restated)	<i>Total liabilities</i> HK\$'000 (restated)
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
- Canada	8,714	40,417	49,131
- Japan	2,707	-	2,707
Property			
- Macau	132,215	-	132,215
Investment and corporate	63,764	51,439	115,203
Total	508,317	333,812	842,129

4. Other revenue and other net (losses)/gains

	2014 HK\$'000	2013 HK\$'000 (restated)
<i>(a) Other revenue</i>		
Interest income from bank deposits	26,356	24,392
Dividend income from listed available-for-sale and trading securities	340	238
Other revenue from hotel and club operations	8,125	5,889
	<u>34,821</u>	<u>30,519</u>
	2014 HK\$'000	2013 HK\$'000 (restated)
<i>(b) Other net (losses)/gains</i>		
Gain on disposal of available-for-sale securities		
- transferred from the fair value reserve	-	18,563
Net exchange (losses)/gains	(13,338)	10,872
Net realised and unrealised (losses)/gains on trading securities	(1,295)	491
Loss on disposal of fixed assets	(1,124)	(8,974)
Others	(941)	147
	<u>(16,698)</u>	<u>21,099</u>

5. Profit before taxation

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

	2014	2013
	HK\$'000	HK\$'000
		(restated)
<i>(a) Finance costs</i>		
Interest on bank loans wholly repayable within five years	9,380	6,468
Other interest expenses	100	67
	9,480	6,535
<i>(b) Staff costs</i>		
Salaries, wages and other benefits	324,247	290,772
Contributions to defined contribution retirement plans	5,374	5,014
	329,621	295,786
<i>(c) Other items</i>		
Cost of properties sold	-	2,869
Cost of inventories	159,252	142,068
Net gain on forward foreign exchange contracts	(2,644)	(5,824)
Auditors' remuneration		
- Audit services	2,943	2,760
- Interim review	639	612
- Others	1,436	302
Operating lease charges for hire of premises	3,468	3,783
Rentals receivable from investment properties less direct outgoings of HK\$708,000 (2013: HK\$556,000)	(15,290)	(11,859)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$2,443,000 (2013: HK\$2,795,000)	(55,057)	(44,662)

6. Income tax in the consolidated income statement

	2014 HK\$'000	2013 HK\$'000 (restated)
<i>Current tax - Overseas</i>		
Provision for the year	87,459	103,011
Over-provision in respect of prior years	(3,391)	(925)
	84,068	102,086
<i>Deferred tax</i>		
Origination and reversal of other temporary differences	24,432	5,471
	108,500	107,557

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 2013 and 2014.
- (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 2014 of HK\$5,302,000 (2013 (restated): HK\$4,935,000) 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\$268,143,000 (2013: HK\$326,231,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2014 and 2013.

There are no potential dilutive ordinary shares during the years ended 31 December 2014 and 2013.

8. Fixed assets

On 12 August 2014, the Group, through a wholly-owned subsidiary, entered into a purchase and sale agreement to acquire the entire interest of a hotel property, known as the Sofitel New York, for a consideration of USD265 million (equivalent to HK\$2,054 million) from an independent third party. The transaction was completed on 30 October 2014.

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:

	2014	2013
	HK\$'000	HK\$'000
		(restated)
Within one month	30,044	31,302
One to three months	6,408	7,890
	36,452	39,192

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.

10. Bank loans, secured

	2014	2013
	HK\$'000	HK\$'000
		(restated)
Repayable within one year or on demand	113,021	73,787
Repayable after one year but within two years	74,379	42,511
Repayable after two years but within five years	1,745,418	217,514
	1,819,797	260,025
	1,932,818	333,812

At 31 December 2014 and 2013, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

At 31 December 2014, 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 (2013: HK\$63,898,000),
- (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,776,473,000 (2013 (restated): HK\$733,837,000), and
- (iii) Bank deposits of HK\$172,693,000 (2013: HK\$185,614,000).

Such banking facilities amounted to HK\$2,357,650,000 (2013 (restated): HK\$770,598,000) and were utilised to the extent of HK\$1,932,818,000 as at 31 December 2014 (2013 (restated): HK\$333,812,000).

11. Trade and other payables

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

	2014	2013
	HK\$'000	HK\$'000
		(restated)
Due within one month or on demand	75,123	21,920
Due after one month but within three months	7,244	11,777
Due after three months	578	16,390
	82,945	50,087

12. Dividends

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

	2014	2013
	HK\$'000	HK\$'000
Interim dividend declared and paid of HK\$0.03 (2013: HK\$0.03) per ordinary share	10,206	10,206
Final dividend proposed after the end of the reporting period of HK\$0.12 (2013: HK\$0.15) per ordinary share	40,824	51,030
	51,030	61,236

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

	2014	2013
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.15 (2013: HK\$0.17) per ordinary share	51,030	57,834

13. Share capital

	2014		2013	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised: (note 1)				
Ordinary shares of HK\$1 each (note 2)			500,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	340,200	340,200	340,200	340,200
Transfer from share premium on transition to no-par value regime on 3 March 2014 (note 2)	-	158,105	-	-
At 31 December	340,200	498,305	340,200	340,200

Note 1: Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

Note 2: In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. Commitments

- (a) At 31 December 2014, capital commitments outstanding not provided for in the financial statements are as follows:

	2014 HK\$'000	2013 HK\$'000 (restated)
Contracted for	10,175	51,649
Authorised but not contracted for	8,421	3,857
	<u>18,596</u>	<u>55,506</u>

- (b) At 31 December 2014, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK\$'000	2013 HK\$'000
Leases on premises expiring:		
- within one year	492	3,000
- after one year but within five years	558	2,060
	<u>1,050</u>	<u>5,060</u>

- (c) At 31 December 2014, the Group's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	76,395	53,284
After one year but within five years	75,400	50,680
	<u>151,795</u>	<u>103,964</u>

15. Comparative figures

As further explained in note 1(b) of this announcement, due to the application of AG 5 in the current year, certain retrospective adjustments have been made, certain comparative amounts have been restated to conform with the current year's presentation, and a third consolidated statement of financial position as at 1 January 2013 has been presented. In addition, the comparative consolidated income statement and consolidated statement of comprehensive income have been re-presented.

REVIEW OF OPERATIONS

The Group's turnover for 2014 was HK\$1,519 million, an increase of 12% as compared to HK\$1,357 million in 2013.

A summary and analysis of the operations are as follows.

Vietnam

During the year 2014, there was a drop in commercial activities in Ho Chi Minh City as well as certain industrial parks in the southern and central parts of Vietnam due to riots and civil commotion. The lull lasted several months during the period of May to October 2014. Tourism was one of the sectors that was negatively impacted.

Sheraton Saigon Hotel and Towers The hotel reported a reduction in occupancy rate in 2014 to 64.6%, as compared to 72.4% in the previous year, primarily as a result of the reduction in business activity in the city after the civil disturbances. Average room rate, however, increased to US\$171 per room night in 2014, as compared to US\$164 in 2013. The hotel has remained one of the most recognized hotel brands in the city and has continued to win numerous accolades for its excellent service standards.

Caravelle Hotel The hotel was also affected by the civil disturbances during the same period. Occupancy rate dropped to 57.3% in 2014, as compared to 67% in 2013. Average room rate increased to US\$131.6 in 2014, as compared to US\$129.8 in 2013. Share of contribution to profit from the hotel remained steady at HK\$11.36 million in 2014, as compared to HK\$11.4 million in 2013.

The United States ("US")

W San Francisco The US economy has continued to improve in 2014. The Silicon Valley and the hi-tech industry continued to exhibit rapid economic growth. W San Francisco has managed to leverage on that development. In 2014, average occupancy rate increased marginally to 89%, as compared to 88.1% in 2013. Average room rate has improved to US\$327.5 in 2014 as compared to US\$301.7 in 2013.

Sofitel New York As reported to shareholders by way of announcements on 14 August 2014 and 30 September 2014, and a circular on 31 October 2014 respectively, the Group has acquired the Sofitel New York, a hotel property located in Manhattan, New York City at a consideration of US\$265 million. In light of the excellent location, the positive brand-recognition, and the high quality of the hotel's rooms and facilities, the Group considers the acquisition to be beneficial to shareholders and expects to hold the investment on a long-term basis.

Macau

The Macau SAR reported strong economic growth in the first half of 2014. Tourism and gaming activities started to show signs of slower and even negative growth in the third and fourth quarters of the year. Real GDP fell 0.4% in real terms in 2014 as compared to 2013. Tourism arrivals to Macau, however, grew to 31.5 million for 2014, as compared to 29.3 million in 2013. Unemployment remained extremely low at 1.7% in 2014.

Against this background, income from leasing of properties has grown to HK\$70.6 million in 2014, an increase of 28% as compared to HK\$55.1 million in 2013.

There was no sale of properties in Macau during 2014, as it is the view of the directors that the completion of the Hong Kong-Zhuhai-Macau Bridge will have a strong positive impact on the value of residential properties in Macau. The directors therefore consider that the Group should continue to closely monitor property market conditions, and to conduct sale of properties at a time and price that

optimize profits for the Group. In the meantime, properties held for sale in Macau are leased out to maximize profits.

The People's Republic of China

Holiday Inn Wuhan Riverside The Chinese economy went through a period of adjustment during most of 2014. The anti-corruption campaign of the Central Government has also severely dampened domestic consumption. Hotels that rely on meeting and convention business suffered serious impact. During 2014, average room rate dropped to Rmb420.7, as compared to Rmb455.8 in 2013. Despite the slight growth in occupancy to 69% in 2014, as compared to 67.1% in 2013, gross operating revenue has dropped 4.9% to Rmb51.4 million in 2014, as compared to Rmb54.1 million in 2013.

Canada

The economy has performed relatively well in 2014, registered a GDP growth rate of 2.5%, as compared to 1.6% in 2013.

The Sheraton Ottawa Hotel In 2014, the hotel reported average occupancy rate of 71.7%, as compared to 68.7% in 2013. Average room rate also increased to C\$165.8 in 2014, as compared to C\$162.9 in 2013.

International Plaza Hotel, Toronto In 2014, the average occupancy rate increased to 66.8%, as compared to 62.1% in 2013. Average room rate dropped to C\$93.5 in 2014, as compared to C\$102.1 in 2013.

Japan

Best Western Hotel Fino Osaka Shinsaibashi During 2014, the occupancy rate remained stable at 89.1%, as compared to 89.3% in 2013. Average room rate rose to Yen8,812 in 2014, as compared to Yen7,080 in 2013.

Other net (losses)/gains

Net exchange losses for 2014 amounted to HK\$13.3 million, as compared to net exchange gains of HK\$10.9 million in 2013.

Net realised and unrealised losses on trading securities for 2014 amounted to HK\$1.3 million, as compared to gains of HK\$0.5 million in 2013.

There was a loss of disposal of fixed assets in 2014 amounting to HK\$1.1 million, as compared to a loss of HK\$9.0 million in 2013. These were related to disposal of furniture, fixtures and equipment by the hotels and disposal of motor vehicle from Golden Crown Development Limited.

FINANCIAL REVIEW

The Group's turnover was HK\$1,519.1 million for the year ended 31 December 2014; an increase of 12% as compared to year 2013. The increase was primarily attributable to the combined effects of the growth of regional hotel revenue from improvement in average room rates and occupancy rates, which partly offset by the decrease in sales of properties held for sale situated in Macau. The Group's operating profit was HK\$355.1 million for the year ended 31 December 2014 as compared to HK\$357.2 million as restated in 2013. Profit attributable to equity shareholders amounted to HK\$268.1 million (2013: HK\$326.2 million).

At 31 December 2014, the Group has total bank loans of HK\$1,932.8 million (2013 (restated): HK\$333.8 million) and deposits and cash of HK\$1,640.9 million (2013 (restated): HK\$1,947.2 million). Of the total bank borrowings, HK\$113.0 million (2013 (restated): HK\$73.8 million) are repayable within one year, HK\$74.4 million (2013 (restated): HK\$42.5 million) are repayable after one year but within two years and the remaining of HK\$1,745.4 million (2013 (restated): HK\$217.5 million) are repayable after two years but within five years.

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 2014, a hotel property, including land, and certain properties held for sale with an aggregate value of HK\$2,840.4 million (2013 (restated): HK\$797.7 million) and bank deposits of HK\$172.7 million (2013: HK\$185.6 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

- (a) At 31 December 2014, 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\$8,252,000 (2013: HK\$8,252,000).
- (b) At 31 December 2014, guarantees of HK\$33,430,000 (C\$5,000,000) (2013: HK\$36,415,000 (C\$5,000,000)) given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 31 December 2014, the directors do not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROSPECTS

2015 will probably see continuing improvements in the US economy, including growth in business activities and reduction in the number of unemployed. The likelihood of interest rate hike and its impact on the real economy, however, cannot be accurately forecasted at this point, thereby giving rise to uncertainties. On the other hand, the relative weakness of the Chinese economy is also giving all Asian investors and companies cause to worry.

Further to the acquisition of the Sofitel New York in October 2014, the Group has expanded its luxury hotel portfolio significantly. It has also obtained a foothold in one of the most important lodging markets in the world.

The Group will continue to adopt a disciplined approach towards acquisitions, targetting industries and countries or regions where it has a comparative advantage. Cashflow remains strong further to the acquisition aforementioned. The Group will continue to focus on seeking investments that creates long-term value on a sustainable basis for shareholders.

PERSONNEL

At 31 December 2014, the Group had approximately 2,213 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 board of directors (the “Board”) of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company’s corporate governance practices are based on the principles, code provisions as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The Company has complied with the principles set out in the CG Code for the year ended 31 December 2014, save and except for the deviations as explained below.

1. Code Provision A.2.1, as the role of chairman and chief executive officer of the Company is not segregated;
2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term;
3. Code Provision D.1.2, as the Company did not formalize functions reserved to the Board and those delegated to management and did not conduct review periodically;
4. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the Board and management;
5. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and
6. Code Provision E.1.4, as the Board did not establish a shareholders’ communication policy and review it on a regular basis.

Pursuant to Code Provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. 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 past years and does not impair the balance of responsibility between the Board and the management of the business.

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the Non-executive Directors of the Company were not appointed for a specific term, all Directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a Director will not exceed three years.

Pursuant to Code Provisions D.1.2, D.1.3 and D.1.4, the Company should formalize functions reserved to the board and those delegated to management and should conduct review periodically. The Company should disclose the respective responsibilities, accountabilities and contributions of the board and management. The Company should also have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As the Executive Directors have been closely involved in the day-to-day management of the Company and its major subsidiaries, the Company considers that it is not necessary at this time to have a distinction between the respective responsibilities, accountabilities and contributions of the Board and management. The Company is now planning to have formal letters of appointment for Directors.

Under Code Provision E.1.4, the board should establish a shareholders’ communication policy and review it on a regular basis. The Company is now planning to set up the relevant policy in order to comply with the Code.

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.

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 Wednesday, 27 May 2015 (“2015 AGM”), the Register of Members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive. In order to qualify for attending and voting at the 2015 AGM, all transfer documents should be lodged for registration with the Company’s Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 May 2015.

The proposed final dividend is subject to the approval of the Shareholders of the Company at the 2015 AGM. The record date for entitlement to the purposed final dividend is 5 June 2015. 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 Thursday, 4 June 2015 to Friday, 5 June 2015 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 Wednesday, 3 June 2015. The payment of final dividend (if approved) will be scheduled on or around 17 June 2015.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company will be held on Wednesday, 27 May 2015.

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

Hong Kong, 25 March 2015

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 David as independent non-executive directors.