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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)

2015 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 condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 was HK\$129,993,000 (HK\$0.382 per share), compared to HK\$164,435,000 (HK\$0.483 per share) for the first six months of 2014.

The Board has declared an interim dividend of HK\$0.03 (2014: HK\$0.03) per share for 2015 payable on Thursday, 22 October 2015, to equity shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2015.

CONSOLIDATED INCOME STATEMENT (Unaudited)

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000 (restated) (note 1)
Revenue	3	950,466	681,315
Cost of sales		(87,395)	(73,426)
		863,071	607,889
Other revenue	4(a)	14,730	17,061
Other net gains/(losses)	4(b)	2,871	(1,470)
Direct costs and operating expenses		(362,398)	(230,065)
Marketing and selling expenses		(51,084)	(31,317)
Depreciation of fixed assets		(66,386)	(43,349)
Administrative and other operating expenses		(208,039)	(131,173)
Operating profit		192,765	187,576
Increase in fair value of investment properties		49,000	97,000
Finance costs	5(a)	241,765	284,576
Share of profits less losses of associates		(16,093)	(2,179)
		5,331	6,732
Profit before taxation	5	231,003	289,129
Income tax	6	(40,981)	(55,729)
Profit for the period		190,022	233,400
Attributable to:			
Equity shareholders of the Company		129,993	164,435
Non-controlling interests		60,029	68,965
Profit for the period		190,022	233,400
Earnings per share, basic and diluted (cents)	8	38.2	48.3

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	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
		(note 1)
Profit for the period	190,022	233,400
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	(25,643)	(3,033)
Available-for-sale securities:		
- change in fair value recognised during the period	(599)	(36)
Other comprehensive income for the period	(26,242)	(3,069)
Total comprehensive income for the period	163,780	230,331
Attributable to:		
Equity shareholders of the Company	110,629	163,010
Non-controlling interests	53,151	67,321
Total comprehensive income for the period	163,780	230,331

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2015 HK\$'000	(Audited) At 31 December 2014 HK\$'000
Non-current assets			
Investment properties		792,000	743,000
Other properties, plant and equipment		2,589,447	2,655,177
Land		838,557	843,406
		<u>4,220,004</u>	<u>4,241,583</u>
Interest in associates		145,988	157,332
Available-for-sale securities		3,956	4,555
Deferred tax assets		6,288	-
		<u>4,376,236</u>	<u>4,403,470</u>
Current assets			
Trading securities		9,438	9,513
Properties held for sale		280,658	280,658
Inventories		6,072	6,432
Trade and other receivables	9	99,965	145,591
Derivative financial assets		5,556	2,644
Pledged deposits		63,076	172,693
Deposits and cash		1,644,265	1,468,247
Taxation recoverable		6,057	10,006
		<u>2,115,087</u>	<u>2,095,784</u>
Current liabilities			
Bank loans, secured	10	102,261	113,021
Trade and other payables	11	325,320	358,735
Loan from an associate		464	464
Loans from non-controlling shareholders		30,764	134,952
Taxation payable		30,341	22,053
		<u>489,150</u>	<u>629,225</u>
Net current assets		<u>1,625,937</u>	<u>1,466,559</u>
Total assets less current liabilities		<u>6,002,173</u>	<u>5,870,029</u>
Non-current liabilities			
Bank loans, secured	10	1,779,693	1,819,797
Deferred revenue		6,084	6,278
Loans from non-controlling shareholders		79,945	-
Deferred tax liabilities		120,438	114,388
		<u>1,986,160</u>	<u>1,940,463</u>
NET ASSETS		<u>4,016,013</u>	<u>3,929,566</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		(Unaudited) At 30 June 2015 HK\$'000	(Audited) At 31 December 2014 HK\$'000
CAPITAL AND RESERVES			
Share capital	<i>12</i>	498,305	498,305
Reserves		<u>2,862,947</u>	<u>2,796,949</u>
Total equity attributable to equity shareholders of the Company		3,361,252	3,295,254
Non-controlling interests		<u>654,761</u>	<u>634,312</u>
TOTAL EQUITY		<u>4,016,013</u>	<u>3,929,566</u>

Notes:

1. Basis of preparation

- (a) This unaudited interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issued on 27 August 2015.

The unaudited interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Reporting Standards (“HKFRSs”).

The interim financial information is unaudited, but has been reviewed by 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 HKICPA.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial information disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

1. Basis of preparation (continued)

- (b) The interim financial information for the six months ended 30 June 2015 comprises the Company and its subsidiaries and the Group's interest in associates.

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 the HKICPA has been applied. The interim financial information of the Group has been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented.

The opening balances at 1 January 2014 have been restated, with consequential adjustments to comparatives for the six months ended 30 June 2014.

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 (continued)

The effects of the adoption of merger accounting on the consolidated income statement for the six months ended 30 June 2014 by line items are as follows:

	2014 HK\$'000 (as previously reported)	Effect of merger accounting restatement HK\$'000	2014 HK\$'000 (restated)
Revenue	635,165	46,150	681,315
Cost of sales	<u>(70,756)</u>	<u>(2,670)</u>	<u>(73,426)</u>
	564,409	43,480	607,889
Other revenue	16,427	634	17,061
Other net losses	(1,427)	(43)	(1,470)
Direct costs and operating expenses	(205,585)	(24,480)	(230,065)
Marketing and selling expenses	(31,206)	(111)	(31,317)
Depreciation of fixed assets	(39,979)	(3,370)	(43,349)
Administrative and other operating expenses	<u>(120,213)</u>	<u>(10,960)</u>	<u>(131,173)</u>
Operating profit	182,426	5,150	187,576
Increase in fair value of investment properties	<u>97,000</u>	<u>-</u>	<u>97,000</u>
	279,426	5,150	284,576
Finance costs	(1,570)	(609)	(2,179)
Share of profits less losses of associates	<u>8,844</u>	<u>(2,112)</u>	<u>6,732</u>
Profit before taxation	286,700	2,429	289,129
Income tax	<u>(55,412)</u>	<u>(317)</u>	<u>(55,729)</u>
Profit for the period	<u>231,288</u>	<u>2,112</u>	<u>233,400</u>
Attributable to:			
Equity shareholders of the Company	164,435	-	164,435
Non-controlling interests	<u>66,853</u>	<u>2,112</u>	<u>68,965</u>
Profit for the period	<u>231,288</u>	<u>2,112</u>	<u>233,400</u>

1. Basis of preparation (continued)

The effects of the adoption of merger accounting on the consolidated statement of comprehensive income for the six months ended 30 June 2014 by line items are as follows:

	2014 HK\$'000 (as previously reported)	Effect of merger accounting restatement HK\$'000	2014 HK\$'000 (restated)
Profit for the period	231,288	2,112	233,400
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries and associates	(2,983)	(50)	(3,033)
Available-for-sale securities:			
– changes in fair value recognised during the period	(36)	-	(36)
Other comprehensive income for the period	(3,019)	(50)	(3,069)
Total comprehensive income for the period	228,269	2,062	230,331
Attributable to:			
Equity shareholders of the Company	163,010	-	163,010
Non-controlling interests	65,259	2,062	67,321
Total comprehensive income for the period	228,269	2,062	230,331

2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. These revised HKFRSs have no material impact on the unaudited interim condensed consolidated financial information of the Group for the period ended 30 June 2015 and 2014 respectively. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 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 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 with the exception of interest in associates.

Analysis of segment results of the Group

	External revenue HK\$'000	Inter- segment revenue HK\$'000	Total revenue HK\$'000	Depreciation of fixed assets HK\$'000	Finance costs HK\$'000	Share of profits less losses of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
For the six months ended 30 June 2015								
Hotel	896,055	-	896,055	(63,905)	(15,977)	5,331	(24,874)	119,700
- Vietnam	339,036	-	339,036	(12,956)	-	6,287	(19,996)	78,353
- United States	456,633	-	456,633	(38,730)	(14,762)	-	(8,213)	25,390
- The People's Republic of China	33,651	-	33,651	(7,315)	(778)	-	-	(1,493)
- Canada	45,419	-	45,419	(3,052)	(437)	(956)	4,520	9,738
- Japan	21,316	-	21,316	(1,852)	-	-	(1,185)	7,712
Property								
- Macau #	53,083	244	53,327	(2,436)	(22)	-	(16,092)	68,977
Investment and corporate	1,328	-	1,328	(45)	(94)	-	(15)	1,345
Inter-segment elimination	-	(244)	(244)	-	-	-	-	-
Total	950,466	-	950,466	(66,386)	(16,093)	5,331	(40,981)	190,022

	External revenue HK\$'000	Inter- segment revenue HK\$'000	Total revenue HK\$'000	Depreciation of fixed assets HK\$'000	Finance costs HK\$'000	Share of profits less losses of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
For the six months ended 30 June 2014								
	(restated)		(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Hotel	640,618	-	640,618	(41,102)	(2,020)	6,732	(41,156)	126,758
- Vietnam	315,737	-	315,737	(13,170)	-	8,769	(23,400)	98,214
- United States	226,939	-	226,939	(14,441)	(1,411)	-	(16,315)	25,119
- The People's Republic of China	33,329	-	33,329	(7,624)	-	-	-	(2,823)
- Canada	46,150	-	46,150	(3,370)	(609)	(2,037)	(317)	2,187
- Japan	18,463	-	18,463	(2,497)	-	-	(1,124)	4,061
Property								
- Macau #	39,215	526	39,741	(2,202)	(22)	-	(14,448)	105,581
Investment and corporate	1,482	-	1,482	(45)	(137)	-	(125)	1,061
Inter-segment elimination	-	(526)	(526)	-	-	-	-	-
Total	681,315	-	681,315	(43,349)	(2,179)	6,732	(55,729)	233,400

External revenue from property segment in Macau includes rental income from investment properties of HK\$12,041,000 (2014: HK\$7,286,000), rental income from properties held for sale of HK\$32,639,000 (2014: HK\$24,921,000) and club operations and others of HK\$8,403,000 (2014: HK\$7,008,000).

Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
At 30 June 2015				
Hotel				
- Vietnam	401,901	113,624	515,525	6,098
- United States	2,897,354	-	2,897,354	11,344
- The People's Republic of China	228,264	-	228,264	1,456
- Canada	119,299	28,229	147,528	379
- Japan	104,965	-	104,965	115
Property				
- Macau	1,765,316	-	1,765,316	794
Investment and corporate	828,236	4,135	832,371	-
Total	6,345,335	145,988	6,491,323	20,186

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

Included in the capital expenditure was an amount of HK\$2,054 million, representing the acquisition cost of Sofitel New York acquired on 30 October 2014.

4. Other revenue and net gains/(losses)

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
<i>(a) Other revenue</i>		
Interest income from bank deposits	9,876	13,644
Dividend income from listed available-for-sale and trading securities	263	193
Others revenue from hotel and club operations	4,591	3,224
	14,730	17,061
<i>(b) Other net gains/(losses)</i>		
Gain on disposal of fixed assets	9	32
Net exchange gains/(losses)	2,936	(590)
Net realised and unrealised losses on trading securities	(74)	(912)
	2,871	(1,470)

5. Profit before taxation

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
<i>(a) Finance costs</i>		
Interest on bank loans wholly repayable within five years	15,294	2,157
Interest expenses on loans from non-controlling shareholders	777	-
Other interest expenses	22	22
	16,093	2,179
<i>(b) Staff costs</i>		
Salaries, wages and other benefits	261,678	147,434
Contributions to defined contribution retirement plans	2,207	1,303
	263,885	148,737
<i>(c) Other items</i>		
Cost of inventories	41,606	31,335
Rentals receivable from investment properties less direct outgoings of HK\$205,000 (2014: HK\$258,000)	(11,836)	(7,028)
Rental receivable from properties held for sale and other rental income less direct outgoings of HK\$1,247,000 (2014: HK\$1,088,000)	(33,837)	(26,159)

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Current tax – Overseas		
Provision for the period	41,818	43,625
Deferred taxation		
Origination and reversal of other temporary differences	(837)	12,104
	40,981	55,729

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 for the six months ended 30 June 2015 and 30 June 2014.
- (b) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) The provision for Corporate Income Tax (“CIT”) in Vietnam is calculated at 22% (2014: 22%) of the estimated taxable profits for the period. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation in 2002 and at a rate of 25% on taxable income thereafter. The income tax rate was reduced to 22% for 2014 and 2015, and to 20% from 2016.
- (d) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2014: 25%) of the estimated taxable profits for the period. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purpose or had unutilised tax loss to set-off against taxable income for the six months ended 30 June 2015 and 30 June 2014.
- (e) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 34% (2014: 34%) and 10.75% (2014: 8.84%) respectively determined by income ranges.
- (f) 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% (2014: 20%) on all gross profit distributions from the subsidiary.
- (g) Provision for Macau, Complementary Tax is calculated at 12% (2014: 12%) of the estimated assessable profits for the year. Macau Property Tax is calculated at 10% (2014: 10%) of the assessable rental income in Macau.
- (h) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2014: 26.5%).
- (i) Share of associates’ tax for the six months ended 30 June 2015 of HK\$1,779,000 (2014 (restated): HK\$2,118,000) is included in the share of profits less losses of associates.

7. Dividends

(a) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.03 per share (2014: HK\$0.03 per share)	10,206	10,206

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

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.12 per share (six months ended 30 June 2014: HK\$0.15 per share)	40,824	51,030

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$129,993,000 (2014: HK\$164,435,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2015 and 30 June 2014.

There is no potential dilutive ordinary share during the six months ended 30 June 2015 and 30 June 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:

	At 30 June	At 31 December
	2015	2014
	HK\$'000	HK\$'000
Within one month	42,302	30,044
One to three months	7,948	6,408
	50,250	36,452

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 is granted.

10. Bank loans, secured

(a) At 30 June 2015 and 31 December 2014, the secured bank loans were repayable as follows:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Within one year or on demand	102,261	113,021
After one year but within two years	74,209	74,379
After two years but within five years	1,705,484	1,745,418
	1,779,693	1,819,797
	1,881,954	1,932,818

(b) At 30 June 2015, 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 (31 December 2014: HK\$63,898,000),
- (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,758,000,000 (31 December 2014: HK\$2,776,473,000), and
- (iii) Bank deposits of HK\$63,076,000 (31 December 2014: HK\$172,693,000).

Such banking facilities amounted to HK\$2,312,702,000 (31 December 2014: HK\$2,357,650,000) and were utilised to the extent of HK\$1,881,954,000 at 30 June 2015 (31 December 2014: HK\$1,932,818,000).

11. Trade and other payables

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

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Due within one month or on demand	32,933	75,123
Due after one month but within three months	24,900	7,244
Due after three months	3,042	578
	60,875	82,945

12. Share capital

	At 30 June 2015		At 31 December 2014	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	340,200	498,305	340,200	340,200
Transition to no-par value regime on 3 March 2014 (note)	-	-	-	158,105
At 30 June / 31 December	340,200	498,305	340,200	498,305

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

13. Capital commitments outstanding not provided for in the interim condensed consolidated financial information

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Contracted for	35,477	10,175
Authorised but not contracted for	23,669	8,421
	59,146	18,596

14. Comparative figures

As further explained in note 1(b) to the interim financial information, certain comparative figures have been adjusted to reflect the application of AG 5. Further details of these changes in accounting policies are disclosed in note 1(b).

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 2015, revenue from Macau operations rose to HK\$53.3 million, as compared to HK\$39.7 million in the first half of 2014, an increase of 34%. The increase came about mostly as a result of increase in rental income arising from higher rental rates upon reversion, as well as leasing out of additional commercial space.

With an objective to further 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. The Group adopts the view that the supply of residential properties in Macau will continue to be limited in the near to medium term, and that with the continuing integration of the PRD region and completion of the Hong Kong-Zhuhai-Macau Bridge, the Macau property market will continue to rest on strong fundamentals. The Group will continue to monitor market conditions in the luxurious residential sector in order to determine the optimal time to commence selling of properties held for sale. In the meantime, the Group will take advantage of the buoyancy of the residential leasing market in Macau and lease out as many of the vacant units as possible in order to ensure the income for the Group is maximized.

There were no sales of properties by the Group in Macau during the first six months of 2015.

Vietnam

The recovery of the Vietnamese economy remains on track, with real GDP growth improving to 6.3% year on year in the first half of 2015.

During the first six months of 2015, the Group's revenue from Vietnam increased to HK\$339.0 million, as compared to HK\$315.7 million in the first half of 2014, an increase of 7%.

Sheraton Saigon Hotel and Grand Towers

For the first half of 2015, average room rate was at US\$176 per room night (including service charge), as compared to US\$173 per room night (excluding service charge) during the first six months of 2014. Occupancy rate has dropped to 66.65% during the first half of 2015, as compared to 67.24% for the first half of 2014.

Caravelle Hotel

For the first half of 2015, average room rate increased to US\$143 per room night, as compared to US\$132 during the first six months of 2014. Occupancy rate has dropped to 51% during the first half of 2015, as compared to 65% for the first half of 2014.

US

GDP in the United States expanded at an annualized 2.3% in the second quarter of 2015 over the previous quarter. First quarter GDP, previously reported to have contracted at a 0.2% pace, was revised up to show it rising at a 0.6%.

W San Francisco

The Californian economy, especially around San Francisco and the Silicon Valley, continues to perform very well in 2015. W San Francisco was able to leverage upon this economic growth and reported improved results.

For the first half of 2015, average room rate increased to US\$342 per room night, as compared to US\$325 during the first six months of 2014. Occupancy rate also increased to 91% during the first half of 2015, as compared to 87% for the first half of 2014.

Sofitel New York

The Group completed the acquisition of Sofitel New York during the last quarter of 2014. Hence the first half of 2015 was the first time the Group reported on the operations of the hotel on a full 6-month basis. During those six months, the average room rate was US\$342 per room night. Average occupancy rate during this period was 85%.

PRC

Holiday Inn Wuhan Riverside

During the first half of 2015, the Chinese economy was undergoing a period of consolidation. The austerity campaign has also resulted in reduced revenue for hotel and F&B business in general.

For the first half of 2015, average room rate decreased to RMB413 per room night, as compared to RMB421 during the first six months of 2014. Occupancy rate has dropped slightly to 65% during the first half of 2015, as compared to 68% for the first half of 2014.

Japan

Best Western Hotel Fino Osaka Shinsaibashi

Following a revised expansion of 4.5% in the first quarter of 2015, the Japan's economy shrank at an annualised pace of 1.6% in the second quarter.

For the first half of 2015, average room rate increased significantly to JPY11,019 per room night, as compared to JPY7,925 during the first six months of 2014. Occupancy rate has dropped slightly to 88.89% during the first half of 2015, as compared to 89.44% for the first half of 2014.

Canada

The recent fall in oil prices has resulted in declines in related investment and GDP in Canada. Growth is projected to slow to around 1½ per cent in 2015.

Sheraton Ottawa Hotel

For the first half of 2015, average room rate increased to C\$174 per room night, as compared to C\$170 during the first six months of 2014. Occupancy rate has increased to 78 % during the first half of 2015, as compared to 70% for the first half of 2014.

International Plaza Hotel

For the first half of 2015, average room rate decreased to C\$94 per room night, as compared to C\$99 during the first six months of 2014. Occupancy rate has increased to 72% during the first half of 2015, as compared to 64% for the first half of 2014.

FINANCIAL REVIEW

The Group's revenue was HK\$950.5 million for the first six months of 2015, an increase of 40% as compared to the corresponding period in 2014. The increase was primarily attributable to improvement in hotel and club operations situation in Vietnam and United States and a full 6-month operations of newly acquired Sofitel New York.

Revenue from hotel and club operations amounted to HK\$896.1 million, an increase of 40% as compared to HK\$640.6 million in the corresponding period in 2014. The increase is primarily attributable to the increase in slot machine income from Sheraton Hotel in Vietnam, the improvement in average room rates for W hotel and income attributable from newly acquired Sofitel New York in United States.

The Group's operating profit was HK\$192.8 million for the period ended 30 June 2015, as compared to HK\$187.6 million as restated in 2014. Profit attributable to equity shareholders is HK\$130.0 million as compared to HK\$164.4 million as restated in 2014.

PLEDGE OF ASSETS

At 30 June 2015, hotel properties and properties held for sale with an aggregate value of HK\$2,821.9 million (31 December 2014: HK\$2,840.4 million) and bank deposits of HK\$63.1 million (31 December 2014: HK\$172.7 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

- (a) At 30 June 2015, 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 amounted to HK\$8,252,000 (31 December 2014: HK\$8,252,000).
- (b) At 30 June 2015, guarantees of HK\$31,230,000 (C\$5,000,000) (2014: HK\$33,430,000 (C\$5,000,000)) were given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 30 June 2015, the Directors do not consider it probable that a claim will 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 guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROSPECTS

The first half of 2015 saw economic recovery in the US which therefore heightened the prospect of increase in interest rate possibly in the last quarter of 2015. China, the other economic driver, is however still grappling with weak economic fundamentals, a volatile share market, and jittery foreign exchange regime. Chinese government policies on the pace of economic recovery in the country and its foreign exchange management will have repercussions for other countries in Asia. Macau is also undergoing a significant adjustment with dramatic fall off in gaming receipts and economic activity. The property sector in Macau has, however, remained relatively steady.

The above factors will continue to influence the Group's operations in the various geographical locations in the second half of 2015.

It is also important to bear in mind the fact that significant portions of the Group's revenues are from overseas. Fluctuations in the currency market will therefore introduce uncertainty and volatility into the earnings profile of the Group.

Against this background, the Group will continue to be cautious in screening new investments in order to ensure that shareholders' value are protected in an uncertain market.

PERSONNEL

As at 30 June 2015, the Group has approximately 2,149 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 different countries in which the Company and its subsidiaries operate.

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 during the period from 1 January to 30 June 2015, 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 has 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 formalise 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 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 four 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 2015.

REMUNERATION COMMITTEE

The Remuneration Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee gives recommendations to the Directors as to the recruitment of Directors. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Remuneration Committee.

BOOK CLOSE

The register of members will be closed from Monday, 5 October 2015 to Wednesday, 7 October 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 October 2015.

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 2015.

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

Hong Kong, 27 August 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.