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

### **激成投資 ( 香港 ) 有限公司**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 00184)

#### **2015 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 2015. 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 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 2015 was HK\$228,972,000 (HK\$0.673 per share), compared to HK\$268,143,000 (HK\$0.788 per share) in 2014.

The Board has recommended the payment of a final dividend of HK\$0.12 (2014: HK\$0.12) per share for the year. Together with the interim dividend of HK\$0.03 (2014: HK\$0.03) per share, the total dividend for the year ended 31 December 2015 will be HK\$0.15 (2014: HK\$0.15) 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 24 June 2016.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Note	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	3	<b>1,939,567</b>	1,519,090
Cost of sales		<b>(175,801)</b>	(159,252)
		<b>1,763,766</b>	1,359,838
Other revenue	4(a)	<b>33,885</b>	34,821
Other net losses	4(b)	<b>(2,738)</b>	(16,698)
Direct costs and operating expenses		<b>(762,635)</b>	(538,675)
Marketing and selling expenses		<b>(98,761)</b>	(71,045)
Depreciation		<b>(130,112)</b>	(99,302)
Administrative and other operating expenses		<b>(392,774)</b>	(313,829)
		<b>410,631</b>	355,110
<b>Operating profit</b>		<b>410,631</b>	355,110
Increase in fair value of investment property		<b>35,000</b>	137,000
		<b>445,631</b>	492,110
Finance costs	5(a)	<b>(34,105)</b>	(9,480)
Share of results of associates		<b>10,647</b>	6,817
		<b>422,173</b>	489,447
<b>Profit before taxation</b>	5	<b>422,173</b>	489,447
Income tax	6	<b>(96,417)</b>	(108,500)
		<b>325,756</b>	380,947
<b>Profit for the year</b>		<b>325,756</b>	380,947
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>228,972</b>	268,143
Non-controlling interests		<b>96,784</b>	112,804
		<b>325,756</b>	380,947
<b>Profit for the year</b>		<b>325,756</b>	380,947
<b>Earnings per share, basic and diluted (cents)</b>	7	<b>67.3</b>	78.8

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2015 HK\$'000	2014 HK\$'000
<b>Profit for the year</b>	<u>325,756</u>	<u>380,947</u>
<b>Other comprehensive income for the year</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	(36,760)	(32,324)
Available-for-sale securities:		
- changes in fair value recognised during the year	<u>(836)</u>	<u>(739)</u>
<b>Other comprehensive income for the year</b>	<u>(37,596)</u>	<u>(33,063)</u>
<b>Total comprehensive income for the year</b>	<u><u>288,160</u></u>	<u><u>347,884</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	205,362	240,227
Non-controlling interests	<u>82,798</u>	<u>107,657</u>
<b>Total comprehensive income for the year</b>	<u><u>288,160</u></u>	<u><u>347,884</u></u>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Investment property		778,000	743,000
Property, plant and equipment		2,553,321	2,655,177
Land		831,425	843,406
		4,162,746	4,241,583
Interest in associates		148,588	157,332
Derivative financial assets		5,918	-
Available-for-sale securities		3,719	4,555
Deferred tax assets		5,571	-
		4,326,542	4,403,470
<b>Current assets</b>			
Trading securities		8,053	9,513
Properties held for sale		280,658	280,658
Inventories		6,422	6,432
Trade and other receivables	8	92,606	145,591
Derivative financial assets		-	2,644
Pledged deposits		38,119	172,693
Deposits and cash		1,790,706	1,468,247
Taxation recoverable		6,818	10,006
		2,223,382	2,095,784
<b>Current liabilities</b>			
Bank loans, secured	9	91,493	113,021
Trade and other payables	10	317,226	358,735
Loan from an associate		464	464
Loans from non-controlling shareholders		30,760	134,952
Taxation payable		26,137	22,053
		466,080	629,225
<b>Net current assets</b>		<b>1,757,302</b>	<b>1,466,559</b>
<b>Total assets less current liabilities</b>		<b>6,083,844</b>	<b>5,870,029</b>
<b>Non-current liabilities</b>			
Bank loans, secured	9	1,739,005	1,819,797
Deferred revenue		7,297	6,278
Loans from non-controlling shareholders		80,903	-
Derivative financial liabilities		1,409	-
Deferred tax liabilities		149,790	114,388
		1,978,404	1,940,463
<b>NET ASSETS</b>		<b>4,105,440</b>	<b>3,929,566</b>

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

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>498,305</b>	498,305
Reserves		<b>2,947,474</b>	2,796,949
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,445,779</b>	3,295,254
Non-controlling interests		<b>659,661</b>	634,312
<b>TOTAL EQUITY</b>		<b>4,105,440</b>	3,929,566

Notes:

## 1. Basis of preparation

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be 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 as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

The Company's statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap.622). The Company's statutory 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 measurement basis used in the preparation of the Company's statutory financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- financial instruments classified as available-for-sale securities and trading securities;
- derivative financial instruments; and
- investment property.

## 2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs which are first effective for the current accounting period of the Group.

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

The amendments do not have a significant impact on the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

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

### **3. Revenue and 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 revenue</i>	<i>Inter- segment revenue</i>	<i>Total revenue</i>	<i>Depreciation</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
<b>2015</b>								
Hotel	1,831,457	-	1,831,457	(125,091)	(33,899)	10,648	(77,570)	256,375
- Vietnam	671,887	-	671,887	(25,628)	-	11,837	(43,146)	162,523
- United States	957,643	-	957,643	(75,372)	(29,851)	-	(33,953)	69,872
- The People's Republic of China	69,873	-	69,873	(14,432)	(3,240)	-	-	(5,400)
- Canada	85,721	-	85,721	(5,970)	(808)	(1,189)	3,169	12,425
- Japan	46,333	-	46,333	(3,689)	-	-	(3,640)	16,955
Property								
- Macau #	105,400	887	106,287	(4,931)	(36)	-	(10,535)	93,472
Investment and corporate	2,710	-	2,710	(90)	(170)	(1)	(8,312)	(24,091)
Inter-segment elimination	-	(887)	(887)	-	-	-	-	-
<b>Total</b>	<b>1,939,567</b>	<b>-</b>	<b>1,939,567</b>	<b>(130,112)</b>	<b>(34,105)</b>	<b>10,647</b>	<b>(96,417)</b>	<b>325,756</b>

	<i>External revenue</i>	<i>Inter- segment revenue</i>	<i>Total revenue</i>	<i>Depreciation</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
<b>2014</b>								
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)	-	-	-	-	-
<b>Total</b>	<b>1,519,090</b>	<b>-</b>	<b>1,519,090</b>	<b>(99,302)</b>	<b>(9,480)</b>	<b>6,817</b>	<b>(108,500)</b>	<b>380,947</b>

# External revenue from property segment in Macau included rental income from investment properties of HK\$28,258,000 (2014: HK\$15,998,000), rental income from properties held for sale of HK\$62,616,000 (2014: HK\$54,666,000) and club operations and others of HK\$14,526,000 (2014: HK\$13,064,000).



## 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
<b>At 31 December 2015</b>				
Hotel				
- Vietnam	415,032	119,178	534,210	10,731
- United States	2,906,503	-	2,906,503	37,413
- The People's Republic of China	217,841	-	217,841	876
- Canada	111,794	25,278	137,072	1,180
- Japan	109,414	-	109,414	114
Property				
- Macau	1,781,520	-	1,781,520	537
Investment and corporate	859,232	4,132	863,364	-
<b>Total</b>	<b>6,401,336</b>	<b>148,588</b>	<b>6,549,924</b>	<b>50,851</b>

	<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
<b>At 31 December 2014</b>				
Hotel				
- Vietnam	426,088	120,882	546,970	9,562
- United States <sup>#</sup>	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	-
<b>Total</b>	<b>6,341,922</b>	<b>157,332</b>	<b>6,499,254</b>	<b>2,146,168</b>

<sup>#</sup> 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.

## 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
<b>At 31 December 2015</b>			
Hotel			
- Vietnam	109,256	-	109,256
- United States	167,675	1,785,288	1,952,963
- The People's Republic of China	94,683	-	94,683
- Canada	10,917	27,711	38,628
- Japan	8,451	-	8,451
Property			
- Macau	156,130	-	156,130
Investment and corporate	66,874	17,499	84,373
	<hr/>		
Total	613,986	1,830,498	2,444,484
	<hr/>		
	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
<b>At 31 December 2014</b>			
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
	<hr/>		
Total	636,870	1,932,818	2,569,688
	<hr/>		

#### 4. Other revenue and other net losses

	2015 HK\$'000	2014 HK\$'000
(a) <i>Other revenue</i>		
Interest income from bank deposits	23,225	26,356
Dividend income from listed available-for-sale and trading securities	334	340
Others	10,326	8,125
	<u>33,885</u>	<u>34,821</u>
	2015 HK\$'000	2014 HK\$'000
(b) <i>Other net losses</i>		
Net exchange losses	(216)	(13,338)
Net realised and unrealised losses on trading securities	(1,460)	(1,295)
Loss on disposal of other property, plant and equipment	(1,469)	(1,124)
Others	407	(941)
	<u>(2,738)</u>	<u>(16,698)</u>

#### 5. Profit before taxation

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

	2015 HK\$'000	2014 HK\$'000
(a) <i>Finance costs</i>		
Bank loan interests	30,831	9,380
Interest expense on loans from non-controlling shareholders	3,240	-
Other interest expenses	34	100
	<u>34,105</u>	<u>9,480</u>
(b) <i>Staff costs</i>		
Salaries, wages and other benefits	491,246	324,247
Contributions to defined contribution retirement plans	6,843	5,374
	<u>498,089</u>	<u>329,621</u>
(c) <i>Other items</i>		
Cost of inventories	175,801	159,252
Net gain on derivative financial instruments	(7,419)	(2,644)
Auditors' remuneration		
- Audit services	3,000	2,943
- Interim review	847	639
- Tax advisory and other services	1,139	746
- Reporting on investment circular of acquisition of Sofitel New York	-	690
Operating lease charges for hire of premises	3,362	3,468
Rentals receivable from investment properties less direct outgoings of HK\$496,000 (2014: HK\$708,000)	(27,762)	(15,290)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$1,834,000 (2014: HK\$2,443,000)	(64,317)	(55,057)
	<u>(64,317)</u>	<u>(55,057)</u>

## 6. Income tax in the consolidated statement of profit or loss

	2015 HK\$'000	2014 HK\$'000
<i>Current tax - Overseas</i>		
Provision for the year	73,976	87,459
Over-provision in respect of prior years	(6,982)	(3,391)
	<b>66,994</b>	84,068
<i>Deferred tax</i>		
Origination and reversal of other temporary differences	29,423	24,432
	<b>96,417</b>	108,500

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 2014 and 2015.
- (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 2015 of HK\$4,622,000 (2014: HK\$5,302,000) 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\$228,972,000 (2014: HK\$268,143,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2015 and 2014.

There are no potential dilutive ordinary shares during the years ended 31 December 2015 and 2014.

## 8. Trade and other receivables

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

	2015 HK\$'000	2014 HK\$'000
Within one month	30,625	30,044
One to three months	13,146	6,408
	<b>43,771</b>	36,452

None of the Group's trade receivables are impaired. 70% of trade receivables at 31 December 2015 (2014: 82%) were neither past due nor more than one month past due. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The balance and the movement of the allowance for doubtful debts as at 31 December 2015 and 2014 are not significant.

## 9. Bank loans, secured

(a) At the end of the reporting period, the secured bank loans were repayable as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year or on demand	<u>91,493</u>	<u>113,021</u>
After one year but within two years	73,993	74,379
After two years but within five years	<u>1,665,012</u>	<u>1,745,418</u>
	<u>1,739,005</u>	<u>1,819,797</u>
	<u>1,830,498</u>	<u>1,932,818</u>

At 31 December 2015 and 2014, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 31 December 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 (2014: HK\$63,898,000),
- (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,740,129,000 (2014: HK\$2,776,473,000), and
- (iii) Bank deposits of HK\$38,119,000 (2014: HK\$172,693,000).

Such banking facilities amounted to HK\$2,206,447,000 (2014: HK\$2,357,650,000) and were utilised to the extent of HK\$1,830,498,000 as at 31 December 2015 (2014: HK\$1,932,818,000).

(c) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the draw down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2015 none of the covenants relating to drawn down facilities had been breached (2014: Nil).

## 10. Trade and other payables

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

	2015 HK\$'000	2014 HK\$'000
Due within one month or on demand	41,223	75,123
Due after one month but within three months	16,380	7,244
Due after three months	<u>9,590</u>	<u>578</u>
	<u>67,193</u>	<u>82,945</u>

## 11. Dividends

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

	2015 HK\$'000	2014 HK\$'000
Interim dividend declared and paid of HK\$0.03 (2014: HK\$0.03) per ordinary share	10,206	10,206
Final dividend proposed after the end of the reporting period of HK\$0.12 (2014: HK\$0.12) per ordinary share	40,824	40,824
	<b>51,030</b>	<b>51,030</b>

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

	2015 HK\$'000	2014 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.12 (2014: HK\$0.15) per ordinary share	40,824	51,030

## 12. Share capital

	2015		2014	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	340,200	498,305	340,200	340,200
Transfer from share premium on transition to no-par value regime on 3 March 2014 (note)	-	-	-	158,105
At 31 December	<b>340,200</b>	<b>498,305</b>	340,200	498,305

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were 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 made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

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.

### 13. Commitments

- (a) At the end of the reporting period, capital commitments outstanding not provided for were as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Contracted for	<b>14,160</b>	10,175
Authorised but not contracted for	<b>1,345</b>	8,421
	<b>15,505</b>	18,596

- (b) At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Leases on premises expiring:		
- within one year	<b>1,043</b>	492
- after one year but within five years	<b>94</b>	558
	<b>1,137</b>	1,050

- (c) At the end of the reporting period, the Group's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>82,716</b>	76,395
After one year but within five years	<b>102,478</b>	75,400
	<b>185,194</b>	151,795

## REVIEW OF OPERATIONS

The Group's revenue for 2015 was HK\$1,940 million, an increase of 28% as compared to HK\$1,519 million in 2014. Operating profit was HK\$411 million, an increase of 15.8% as compared to HK\$355 million in 2014. Primarily due to a smaller increase in fair value of investment property in 2015 (HK\$35 million) as compared to 2014 (HK\$137 million), profit after tax for the year dropped to HK\$326 million, a drop of 14.4% as compared to HK\$381 million in 2014.

A summary and analysis of the operations are as follows.

### Vietnam

Vietnam's GDP grew by 6.7% in 2015 as compared to the previous year, which was higher than expected. The level of commercial activity has also increased during the year. Manufacturing activity expanded by almost 11% during the year and contributed significantly to the GDP growth rate. FDI (Foreign Direct Investment) almost surged to a record high in 2015.

***Sheraton Saigon Hotel and Towers*** The hotel reported an increase in occupancy rate in 2015 to 67.9%, as compared to 64.6% in the previous year, primarily as a result of the recovery in business activity in the city after the civil disturbances in 2014. Average room rate, however, decreased to US\$169 per room night in 2015, as compared to US\$171 per room night in 2014. 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*** Due to ongoing renovations, occupancy rate dropped to 52.9% in 2015, as compared to 57.3% in 2014. Average room rate has however increased to US\$134.6 in 2015, as compared to US\$131.6 in 2014. Share of contribution to profit from the hotel has increased marginally to HK\$11.84 million in 2015, as compared to HK\$11.36 million in 2014.

### The United States ("US")

***W San Francisco*** The US economy has continued to improve in 2015. 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 2015, average occupancy rate increased marginally to 89.5%, as compared to 89.0% in 2014. Average room rate has improved to US\$341.6 during the year as compared to US\$327.5 in 2014.

***Sofitel New York*** After the successful acquisition of the Sofitel New York in October 2014, 2015 was the first full year of operations under Group's ownership. In 2015, average occupancy rate increased to 88.1%, as compared to 86.8% in 2014. Average room rate decreased to US\$366.3 in 2015 as compared to US\$385.7 in 2014.

### Macau

The economic growth was reduced in 2015 as a result of significant decrease in Macau's gaming revenue. Real GDP fell 17% in real terms in 2015 as compared to 2014. Tourism arrivals to Macau, however, dropped only slightly to 30.7 million in 2015, as compared to 31.5 million in 2014. As several large-scale hotel and entertainment projects as well as public construction works were still ongoing, unemployment remained extremely low at 1.9% at the end of 2015.

Against this background, income from leasing of properties has grown to HK\$90.9 million in 2015, an increase of 28.8% as compared to HK\$70.7 million in 2014.



There was no sale of properties in Macau during 2015, 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 will optimize profits for the group. In the meantime, properties held for sale in Macau are leased 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 2015. 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 2015, average room rate dropped to Rmb413.6, as compared to Rmb420.7 in 2014. Despite the drop in average occupancy rate to 68.3% in 2015, as compared to 69.0% in 2014, gross operating revenue has increased 2.9% to Rmb52.9 million in 2015, as compared to Rmb51.4 million in 2014 as a result of increase in food and beverage revenue.

### **Canada**

The economy has grown slowly in 2015, registered a GDP growth rate of 1.2%, as compared to 2.5% in 2014.

***The Sheraton Ottawa Hotel*** In 2015, the hotel reported an average occupancy rate of 77%, as compared to 71.7% in 2014. However, average room rate increased to C\$168.7 in 2015, as compared to C\$165.8 in 2014.

***International Plaza Hotel*** In 2015, the average occupancy rate increased to 71.2%, as compared to 66.8% in 2014. Average room rate slightly increased to C\$94.7 in 2015, as compared to C\$93.5 in 2014.

### **Japan**

***Best Western Hotel Fino Osaka Shinsaibashi*** During 2015, the occupancy rate increased marginally to 90.3 %, as compared to 89.1% in 2014. Average room rate rose to Yen11,763 in 2015, as compared to Yen8,812 in 2014.

### **Other net losses**

Net exchange loss for 2015 amounted to HK\$0.2 million, as compared to a net exchange loss of HK\$13.3 million in 2014.

Net realised and unrealised loss on trading securities for 2015 amounted to HK\$1.5 million, as compared to a loss of HK\$1.3 million in 2014.

There was a loss of disposal of property, plant and equipment in 2015 amounting to HK\$1.5 million, as compared to a loss of HK\$1.1 million in 2014. These were related to disposal of furniture, fixtures and equipment by the hotels.

## **FINANCIAL REVIEW**

The Group's revenue was HK\$1,939.6 million for the year ended 31 December 2015; an increase of 28% compared to year 2014. The increase was primarily attributable to the combined effects of increase in revenue from Sofitel New York after the acquisition in October 2014, advancement of regional hotel revenue from both improvement in average room rates and occupancy rates, and increase in rental income from properties held for sale in Macau. The Group's operating profit was HK\$410.6 million for the year ended 31 December 2015 as compared to HK\$355.1 million in 2014. Profit attributable to equity shareholders amounted to HK\$229.0 million (2014: HK\$268.1 million).

At 31 December 2015, the Group has total bank loan of HK\$1,830.5 million (2014: HK\$1,932.8 million) and deposits and cash of HK\$1,828.8 million (2014: HK\$1,640.9 million). Of the total bank borrowings, HK\$91.5 million (2014: HK\$113.0 million) are repayable within one year, HK\$74.0 million (2014: HK\$74.4 million) are repayable after one year but within two years and the remaining of HK\$1,665.0 million (2014: HK\$1,745.4 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 2015, hotel properties including land, and certain properties held for sale with an aggregate value of HK\$2,804.0 million (2014: HK\$2,840.4 million) and bank deposits of HK\$38.1 million (2014: HK\$172.7 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

At 31 December 2015, the directors do not consider it probable that a claim would be made against the Group under any of the guarantees. The Group 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**

2016 is generally expected to be a year filled with challenges in global financial markets and world economic conditions. In the various geographical areas of our Group's operations, US continue to be the bright spot, reporting GDP growth of approximately 2% in 2015. California remains an area of solid economic growth, on the back of the strength of the IT sector. China and Vietnam are also projecting GDP growth rates of around 6% to 7% for 2016, although the actual level of economic activities in the real economy remains uncertain. Macau is still reeling from drastic reduction in gaming receipts, which is impacting all sectors of the economy. On the other hand, the relative weakness of the Chinese economy is creating further uncertainty.

The Group will regard 2016 as a year of consolidation. We will continue to adopt a disciplined approach towards acquisitions, targeting industries and countries or regions where it has a comparative advantage. The Group will continue to focus on seeking investments that creates long-term value on a sustainable basis for shareholders.

## **PERSONNEL**

At 31 December 2015, the Group had approximately 2,189 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 applied with the principles set out in the CG Code for the year ended 31 December 2015, contained in Appendix 14 of the Listing Rules.

The Board is of the view that throughout the year ended 31 December 2015, the Company has complied with the code provisions as set out in the CG Code, save and except for 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.

Code provision A.2.1 stipulates that 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 Tuesday, 31 May 2016 ("2016 AGM"), the Register of Members of the Company will be closed from Thursday, 26 May 2016 to Tuesday, 31 May 2016, both days inclusive. In order to qualify for attending and voting at the 2016 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 Wednesday, 25 May 2016.

The proposed final dividend is subject to the approval of the Shareholders of the Company at the 2016 AGM. The record date for entitlement to the proposed final dividend is 10 June 2016. 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 Wednesday, 8 June 2016 to Friday, 10 June 2016 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 Tuesday, 7 June 2016. The payment of final dividend (if approved) will be scheduled on or around 24 June 2016.

## **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting of the Company will be held on Tuesday, 31 May 2016.

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

Hong Kong, 24 March 2016

*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.*