



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

Stock Code : 184



INTERIM REPORT 2021 INTERIM REPORT 2021

CORPORATE INFORMATION

DIRECTORS

- HO Kim Swee @ HO Kian Guan
 – *Executive Chairman*
 HO Cheng Chong @ HO Kian Hock
 – *Deputy Executive Chairman*
 TSE See Fan Paul
 CHAN Lui Ming Ivan
 YU Yuet Chu Evelyn
 HO Chung Tao
 HO Chung Hui
- * HO Eng Chong @ HO Kian Cheong
 - ** KWOK Chi Shun Arthur
 - ** WANG Poey Foon Angela
 - ** YU Hon To David
 - ** Stephen TAN
 - HO Chung Kain @ HE Chongjing
 (Alternate to HO Chung Hui)
 - * HO Chung Kiat Sydney @ HE Chongjie Sydney
 (Alternate to HO Kian Cheong)
 - * *Non-executive Director*
 - ** *Independent Non-executive Director*

AUDIT AND COMPLIANCE COMMITTEE

YU Hon To David – *Chairman*
 KWOK Chi Shun Arthur
 WANG Poey Foon Angela
 Stephen TAN

REMUNERATION COMMITTEE

WANG Poey Foon Angela – *Chairman*
 KWOK Chi Shun Arthur
 YU Hon To David
 Stephen TAN
 TSE See Fan Paul
 YU Yuet Chu Evelyn

NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*
 WANG Poey Foon Angela
 YU Hon To David
 Stephen TAN
 TSE See Fan Paul
 HO Chung Tao

RISK MANAGEMENT COMMITTEE

Stephen TAN – *Chairman*
 WANG Poey Foon Angela
 YU Hon To David
 TSE See Fan Paul
 HO Chung Tao

AUDITORS

KPMG
*(Public Interest Entity Auditor
 registered in accordance with
 the Financial Reporting Council Ordinance)*
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 10 Chater Road
 Central
 Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited
 Level 54, Hopewell Centre
 183 Queen's Road East
 Hong Kong

COMPANY SECRETARY

NG Sing Beng

REGISTERED OFFICE

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 Shun Tak Centre
 168-200 Connaught Road Central
 Hong Kong

COMPANY'S WEBSITE

www.keckseng.com.hk

INTERIM RESULTS

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 2021.

The consolidated loss attributable to equity shareholders of the Company for the six months ended 30 June 2021 was HK\$104,400,000 (HK\$0.307 loss per share), compared to loss attributable to equity shareholders of the Company HK\$149,013,000 (HK\$0.438 loss per share) for the first six months of 2020.

The Board does not recommend the payment of interim dividend for 2021 (2020: Nil).

REVIEW OF OPERATIONS

The COVID-19 pandemic (the “pandemic”) has resulted in a profound impact to the Group in 2020, and is continuing to pose significant challenges in the first half of 2021, particularly to our hotel operations which continue to be severely affected by the pandemic. Though we saw some improvement in our hotel business especially in the second quarter of 2021, the pace of recovery was slow and uneven.

A summary and analysis of the operations are as follows.

Property Leasing and Management Operations

Macau

Macau continued to suffer from the adverse effects of the pandemic, including various travel and entry restrictions which remain in place in Macau, Hong Kong, mainland China and elsewhere. Other limitations include suspension of ferries, nucleic acid testing requirements, mandatory quarantine requirements, bans on entry, and enhanced quarantine requirements for visitors from high-risk areas. Naturally, business environment in Macau has yet to recover to pre-pandemic levels.

According to the Macau Government Statistics and Census Service, tourism arrivals to Macau increased over 20% year-on-year to 3.9 million in the first half of 2021, but was still only 19% of the number of visitors to Macau in the first half of 2019. Similarly, gross gaming revenue in Macau increased by 45% year-on-year in the first half of 2021, but was just 33% of the level achieved in the first half of 2019. Average unemployment rate in second quarter of 2021 stood at 2.9%, as compared to pre-pandemic level of around 1.8% in second quarter of 2019.

Despite the challenging business environment, the Macau property sector was not severely affected by the pandemic. During the first half of 2021, rental revenue of the Group from Macau operations slightly decreased to HK\$43.5 million, as compared to HK\$46.1 million in the first half of 2020. The decrease was mainly driven by lower occupancy rate of residential properties and the concessionary rental rates given to some retail tenants, the latter of which was at a much reduced level period-on-period in 2021 as the market continued to stabilize. Occupancy of our residential units decreased to 79% in the first period of 2021 as compared to 97% for the corresponding period in 2020, as serviced apartments were prone to the impact of citywide lockdown and travel restrictions. There has also been a drop in expatriate demand for lease of residential properties. Occupancy of our office buildings was broadly stable with an occupancy rate of over 91% in the first half of 2021. Against this background, but as a result of the efforts of the marketing team, total rental revenue of Ocean Gardens, the group's premier property portfolio, only dropped by 7% to HK\$37.5 million in the first half of 2021.

A net increase in fair value of our investment properties of HK\$5.8 million was recorded in the first half of 2021, as compared to a net decrease in fair value of HK\$3.6 million in the first half of 2020. Our investment properties are held as long-term investments to earn recurring rental income.

There were no sales of properties during the first half of 2021.

We believe that the pandemic will continue to impact Macau in the second half of 2021. Although the progress of vaccination is encouraging, Macau property market is likely to be on a sound growth track only after travel restrictions are fully lifted, enabling a critical mass of commercial activities and the return of potential buyers from mainland China and Hong Kong.

After reviewing Macau property market conditions and the state of the economy, the Group has decided to continue deferring sale of the properties currently classified under properties held for sale to a later time in order to fully capture the benefits to be accrued with the opening of the Hong Kong-Zhuhai-Macau Bridge, the opening of Macau light-rail transit system and the Hengqin immigration port, the Passenger Terminal Building expansion of the Macau Airport, as well as the gradual integration of the Greater Bay Area.

In the meantime, the Group will continue to lease out vacant units in order to maximise income.

Hotel Operations

The first half of 2021 remained a most challenging period for the Group's hotel operations. The prolonged pandemic continued to adversely affect the hotel performance of the Group in the first half of 2021 as certain prevention and control policies such as social distancing, travel restrictions and quarantine requirements imposed by various countries continued to limit the rebound in visitors. These policies also severely diminished the demand for dining and catering at our hotel restaurant outlets.

With the increasingly successful anti-pandemic measures and higher levels of vaccination rates in various countries, there have been additional relief and a gradual re-bounce of our hotel occupancy rates in China and North America in the first half of 2021. The improvements in pandemic control, however, still vary in different countries. Revenues still have not recovered sufficiently to cover basic operating costs in most of the countries in which the Group operates hotels.

The People's Republic of China

As the pandemic was largely under control in China, China's economy maintained the momentum of stable recovery in the first half of 2021, achieving a year-on-year GDP growth of 12.7%, and which outpaced other major economies.

Most pandemic-related restrictions, including international travel controls and quarantine measures, are still in place in most of China. Infections from the Delta-variant is also increasing. The hospitality sector in China is therefore still lacklustre.

Holiday Inn Wuhan Riverside

After a difficult period in 2020, the hospitality sector in Wuhan showed a recovery in the first half of this year. Room sales rebounded as domestic travels resumed. Food and beverage income increased as F&B outlets gradually resumed full service. Demand for meetings and events also began to materialize in the second quarter of 2021.

Room revenue of the hotel increased to RMB10.3 million as compared to RMB7.5 million in the first half of 2020, an increase of 36%. Food and beverage revenue has also increased to RMB5.6 million in the first half of 2021 from RMB3.9 million in the first half of 2020, an increase of 43%.

During the first half of 2021, occupancy rate has risen to 44.9%, as compared to 41.5% during the first half of 2020. Average room rate was at RMB414 per room night during the first half of 2021, as compared to RMB327.2 per room night during the first half of 2020.

Holiday Inn Wuhan Riverside has always excelled by providing excellent service and delivering hospitality experiences to hotel guests. The hotel was awarded the Travelers' Choice Winner by TripAdvisor in 2021.

Vietnam

Vietnam successfully contained the virus for much of last year but has since late April 2021 been faced with a surge in infections fuelled by the highly contagious Delta-variant.

Despite impact from two successive waves of pandemic outbreaks in the first half of 2021, Vietnam still reported gross domestic product (GDP) growth of 5.6%, which was much higher than 1.8% recorded in the same period last year.

However, as the pandemic situation in Vietnam suddenly took a turn for the worse in late April 2021 with the highly contagious Delta-variant, stringent epidemic control measures were imposed and dampened much of the recovery momentum. Projecting into the second half of 2021, the uncertainty associated with the pandemic in Vietnam is expected to continue to be high.

During the first six months of 2021, the Group's revenue from Vietnam decreased to HK\$129.1 million, as compared to HK\$194.3 million in the first half of 2020, a reduction of 33.6%. This is mainly due to the countrywide lockdown, as well as social distancing measures which have been strictly enforced since 31 May 2021.

Both Sheraton Saigon Hotel and Towers and Caravelle Hotel were awarded the Travelers' Choice Winner by TripAdvisor in 2021.

Sheraton Saigon Hotel and Towers

For the first half of 2021, occupancy rate has decreased to 15.7%, as compared to 19.6% for the first half of 2020. Average room rate was at US\$106.7 per room night during the first half of 2021, as compared to US\$173.8 per room night during the first six months of 2020.

Caravelle Hotel

For the first half of 2021, occupancy rate has decreased to 6.8%, as compared to 16.0% for the first half of 2020. Average room rate was at US\$107.8 per room night during the first half of 2021, as compared to US\$142.5 per room night during the first six months of 2020.

Japan

The Japanese economy shrank by 1% in the first quarter of 2021 and was expected to grow by only 0.2% in the second quarter of 2021. The weak rebound of Japan GDP is mainly due to the sluggish personal consumption pattern under the ongoing "State of Emergency" restrictions, which placed limits on "non-essential" activities including travel and dining out. These restrictions were in force during most of the first half of 2021 in Tokyo and three neighbouring prefectures. It has been extended to another seven prefectures in central and western Japan, including Osaka, in August 2021.

Best Western Hotel Fino Osaka Shinsaibashi

Osaka is currently the prefecture with the second highest number of coronavirus infections in Japan. The city is experiencing an extensive shortfall in travellers and visitors this year resulting from the various border restrictions and social distancing measures.

For the first half of 2021, occupancy rate has decreased to 7.1%, as compared to 23.2% for the first half of 2020. Average room rate was at JPY6,055 per room night during the first half of 2021, as compared to JPY7,746 per room night for the first half of 2020.

The United States ("US")

The US economy is poised for strong growth in 2021 after being thwacked by the pandemic last year. Real GDP increased by 6.3% in the first quarter of 2021. It was also reported that the real GDP increased at an annual rate of 6.5% in the second quarter of 2021. Strong growth in consumer spending was the most significant contributor, which accounted for more than two-thirds of the GDP increase. Unemployment rate also fell from 6.7% in December 2020 to 5.9% in June 2021.

With the continuing increase in vaccinations and the easing of pandemic-related business restrictions, US hotel occupancy has been steadily increasing in 2021 although room rates remain depressed. Domestic leisure travel is expected to drive recovery at this stage, particularly nature-based travel. Corporate and international travel, which have a higher economic impact, are expected to recover at a much slower pace. The Delta-variant is also expected to have a dampening effect on the recovery of the hospitality industry.

Due to the pandemic and lockdowns, the Group at the end of March 2020 has temporarily suspended our hotel operations of W San Francisco and Sofitel New York. W San Francisco resumed operations in October 2020. Sofitel New York remains closed.

Both W San Francisco and Sofitel New York were also awarded the Travelers' Choice Winner by TripAdvisor in 2021. Sofitel New York was also awarded the Readers' Choice Winner by Condé Nast Traveler for 4 consecutive years.

W San Francisco

For the first half of 2021, occupancy rate was 26.6%, approximately the same as compared to the first half of 2020. Average room rate was at US\$171.8 per room night during the first half of 2021, as compared to US\$428.2 per room night during the first six months of 2020.

Sofitel New York

Sofitel New York remains closed since April 2020 and a majority of staff are still put on furlough.

Canada

Canada has been on a steady upward trend after the pandemic outbreak in March last year. The real GDP grew 1.4% in the first quarter of 2021, following increases of 9.1% in the third quarter and 2.2% in the fourth quarter of 2020. Unemployment rate fell to 7.8% in June 2021 from the recent peak of 9.4% in January 2021.

However, the recovery of the hospitality sector in Canada is still slow, which is largely affected by the continued tightening of social distancing measures and various border restrictions remaining in place in the first half of 2021.

Last year, the Group temporarily suspended our hotel operations in Canada at the end of March 2020. Although the Group re-opened Sheraton Ottawa Hotel and Delta Hotels by Marriott Toronto Airport & Conference Centre in November and September 2020 respectively, both hotels still experienced very low occupancies coupled with depressed average room rates in 2021 after re-opening.

Looking ahead, with continuing decline in pandemic infections and as one of the countries with the highest vaccination rate, Canada's economic prospects are positive. In mid-August 2021, Canada started allowing fully vaccinated American travellers into the country.

The Sheraton Ottawa Hotel

For the first half of 2021, occupancy rate has decreased to 6.5%, as compared to 28.5% for the first half of 2020. Average room rate was at C\$125.6 per room night during the first half of 2021, as compared to C\$181.3 per room night during the first six months of 2020.

Delta Hotels by Marriott Toronto Airport & Conference Centre

For the first half of 2021, occupancy rate has decreased to 14.4%, as compared to 30% for the first half of 2020. Average room rate was at C\$86.6 per room night during the first half of 2021, as compared to C\$145.3 per room night during the first six months of 2020.

Delta Hotel by Marriott Toronto Airport & Conference Centre's service excellence continues to be well recognized. It was awarded the Travelers' Choice Winner by TripAdvisor in 2021.

FINANCIAL REVIEW

The Group's revenue was HK\$235.9 million for the first six months of 2021, a decrease of 45% as compared to the corresponding period in 2020. The decrease was primarily due to the adverse impact of the lack of international travel and various social distancing measures imposed on the Group's hotel operations.

The Group's operating loss was HK\$118.4 million for the period ended 30 June 2021, as compared to HK\$162.5 million for the corresponding period in 2020.

Losses attributable to equity shareholders was HK\$104.4 million for the period ended 30 June 2021 (2020: HK\$149.0 million), inclusive of net unrealised losses on other non-current financial assets of HK\$12.4 million (2020: HK\$59.7 million), which has been reflected in other net losses.

LIQUIDITY AND FINANCIAL RESOURCES

The overall financial position of the Group remains healthy. We have a strong balance sheet and sufficient liquidity in place, with cash, bank balances and short-term bank deposits totalling HK\$1,200.0 million as at 30 June 2021. The Group also has undrawn facility from the bank loans facility agreement amounting to HK\$85.0 million as at 30 June 2021. The Group's gearing ratio (defined as the ratio of total outstanding bank loans to total assets) was 26.5% as at 30 June 2021, compared to 26.0% as at 31 December 2020.

PLEDGE OF ASSETS

As at 30 June 2021, hotel properties including land, and certain properties held for sale with an aggregate value of HK\$1,976.1 million (31 December 2020: HK\$2,108.6 million) were pledged to bank to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2021, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favor of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2020: HK\$8,252,000).

As at 30 June 2021, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

PROSPECTS

The pandemic and geopolitical tension continue to impact the global economy. The business and operating environments of the Group will remain difficult and challenging in 2021.

There have been positive signs of recovery following the global roll-out of vaccines that has slowed the spread of the pandemic and has provided confidence to major economies. The global economy is however still faced with high uncertainty with wide variations in the rates of recovery across different regions. In addition, the upsurge in mutated COVID-19 variants and slow pace of vaccination in several countries could also hinder the economic recovery. Supply chains disruptions are also in evidence which might lead to further disruptions in manufacturing and commercial activities.

We believe that the pandemic will continue to impact Macau in the immediate future. Even though the increasing rate of vaccination is encouraging, various travel and entry restrictions in Macau, Hong Kong and mainland China remain in place. It is also expected that social distancing measures and travel restrictions are likely to remain in place until the virus is significantly contained. Full economic recovery will take time. In the coming year, we will endeavour to maintain high occupancy for our properties portfolio.

The international hospitality sector is expected to face continuing pressure in the absence of international travellers. Although easing of domestic travel restrictions in the first half of 2021 has partially revived pent-up domestic-led travel, the hotel operation business is not likely to recover significantly until borders progressively re-open and until travel constraints are lifted. These developments will only be realised when sufficiently high vaccination levels are achieved. In addition, the recent upsurge of the Delta-variant of COVID-19 in some countries has inevitably overshadowed the hospitality sector.

Looking ahead to the second half of 2021, the Group will continue to exercise strong cost-control measures and adopt conservative and prudent business strategies in order to sustain business operations. Robust measures will be taken to safeguard the physical wellbeing of hotel guests and the interests of employees. Business models of the Group's operations will be reviewed and enhanced to optimise financial and operational performance.

The Group will also continue to be cautious and will only focus on reviewing potential investment that creates long-term value for shareholders on a sustainable basis. We will also continue to adopt a disciplined and pragmatic approach towards possible acquisitions, targeting industries and countries or regions where the Group has experience and comparative advantages.

PERSONNEL AND RETIREMENT SCHEMES

As at 30 June 2021, the Group had approximately 937 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. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions in some countries. No forfeited contributions was used by the employers to reduce the existing level of contributions in 2019, 2020 for the six months ended 30 June 2021.

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 and 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 2021, 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; and
2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term.

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.

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 AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee presently comprises four Independent Non-executive Directors. The Audit and Compliance Committee meets with the Group’s senior management and internal 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 2021.

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 Board as to the recruitment of Directors. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Nomination Committee.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises five members, three of whom are Independent Non-executive Directors. The Committee is responsible for assisting the Board to oversee the effectiveness of the Group's risk management system and framework, to review and develop risk management policy, manual and guideline, and to advise the Board on the appropriateness and effectiveness of risk controls/mitigation tools and risk management functions. An Independent Non-executive Director currently chairs the Risk Management Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 2021.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Director's biographical details up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Mr. HO Kian Guan	Mr. Ho retired as a non-executive director of Shangri-La Asia Limited (listed on the Stock Exchange) on 28 May 2021.
Mr. HO Chung Tao	Mr. Ho ceased to be an alternate director of Shangri-La Asia Limited (listed on the Stock Exchange) on 28 May 2021.
Mr. YU Hon To David	Mr. Yu retired as an independent non-executive director of Playmates Holdings Limited on 21 May 2021 and resigned from the position of independent non-executive director of Media Chinese International Limited with effect from 1 July 2021 (both listed on the Stock Exchange). Mr. Yu was appointed as an independent non-executive director of Playmates Toys Limited (listed on the Stock Exchange on 21 May 2021).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The Directors of the Company who held office as at 30 June 2021 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests ⁽¹⁾	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	HO Kian Guan	496,480	198,084,320 ⁽²⁾	198,580,800	58.37
	HO Kian Hock	20,480	198,084,320 ⁽²⁾	198,104,800	58.23
	HO Kian Cheong	55,160,480	–	55,160,480	16.21
	TSE See Fan Paul	288,720	–	288,720	0.08
Lam Ho Investments Pte Ltd	HO Kian Guan	–	32,410,774 ⁽³⁾	32,410,774	99.70
	HO Kian Hock	–	32,410,774 ⁽³⁾	32,410,774	99.70
	HO Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Limited	HO Kian Guan	–	83,052 ⁽⁴⁾	83,052	83.05
	HO Kian Hock	–	83,052 ⁽⁴⁾	83,052	83.05
	HO Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Company Limited – paid in registered capital in US\$	HO Kian Guan	–	13,163,880 ⁽⁵⁾	13,163,880	80.76
	HO Kian Hock	–	13,163,880 ⁽⁵⁾	13,163,880	80.76
	HO Kian Cheong	1,017,120	–	1,017,120	6.24
	KWOK Chi Shun Arthur	–	489,000 ⁽⁶⁾	489,000	3.00
Golden Crown Development Limited – common shares	HO Kian Guan	–	56,675,000 ⁽⁷⁾	56,675,000	80.96
	HO Kian Hock	–	56,675,000 ⁽⁷⁾	56,675,000	80.96
	HO Kian Cheong	1,755,000	–	1,755,000	2.51
	TSE See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Company Limited	HO Kian Guan	–	1,000,000 ⁽⁸⁾	1,000,000	100.00
	HO Kian Hock	–	1,000,000 ⁽⁸⁾	1,000,000	100.00
Shun Cheong International Limited	HO Kian Guan	–	4,305 ⁽⁹⁾	4,305	43.05
	HO Kian Hock	–	4,305 ⁽⁹⁾	4,305	43.05
	HO Kian Cheong	195	–	195	1.95
	KWOK Chi Shun Arthur	–	5,500 ⁽¹⁰⁾	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	HO Kian Guan	–	28,405,000 ⁽¹¹⁾	28,405,000	100.00
	HO Kian Hock	–	28,405,000 ⁽¹¹⁾	28,405,000	100.00
KSF Enterprises Sdn Bhd – Redeemable Convertible Preference	HO Kian Guan	–	24,000,000 ⁽¹²⁾	24,000,000	100.00
	HO Kian Hock	–	24,000,000 ⁽¹²⁾	24,000,000	100.00
Chateau Ottawa Hotel Inc. – common shares	HO Kian Guan	–	9,000,000 ⁽¹³⁾	9,000,000	100.00
	HO Kian Hock	–	9,000,000 ⁽¹³⁾	9,000,000	100.00
Chateau Ottawa Hotel Inc. – preferred shares	HO Kian Guan	–	2,700,000 ⁽¹⁴⁾	2,700,000	100.00
	HO Kian Hock	–	2,700,000 ⁽¹⁴⁾	2,700,000	100.00

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES *(continued)*

Notes:

- (1) This represents interests held by the relevant Directors as beneficial owners.
- (2) This represents 101,437,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited. Both companies are subsidiaries of KS Ocean Inc., the controlling shareholder of the Company, in which each of HO Kian Guan and HO Kian Hock had 1/3 interest in its ordinary share and preference share, respectively.
- (3) This represents 29,776,951 shares (91.60%) indirectly held by the Company and 2,633,823 shares (8.10%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (4) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (5) This represents US\$8,965,000 (55.00%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (6) This represents interests held by AKAA Project Management International Limited which was wholly owned by KWOK Chi Shun Arthur.
- (7) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (8) This represents 1 quota of Ptc999,000 (99.90%) indirectly held by the Company and 1 quota of Ptc1,000 (0.10%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (9) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (10) This represents interests held by Ample Star Enterprise Limited in which KWOK Chi Shun Arthur had a controlling interest.
- (11) This represents 7,101,250 ordinary shares (25.00%) directly held by the Company, 7,101,249 ordinary shares (25.00%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 14,202,501 ordinary shares (50.00%) held by Keck Seng (Malaysia) Berhad in which each of HO Kian Guan and HO Kian Hock was a substantial shareholder and a director.
- (12) This represents 6,000,000 Redeemable Convertible Preference Shares (25.00%) directly held by the Company, 6,000,000 Redeemable Convertible Preference Shares (25.00%) held by Kansas Holdings Limited, in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 12,000,000 Redeemable Convertible Preference Shares (50.00%) held by Keck Seng (Malaysia) Berhad in which each of HO Kian Guan and HO Kian Hock was a substantial shareholder and a director.
- (13) This represents 7,650,000 common shares (85.00%) indirectly held by the Company; 1,350,000 common shares (15%) held by KSC Enterprises Ltd. in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (14) This represents 2,295,000 preferred shares (85.00%) indirectly held by the Company; 405,000 preferred shares (15%) held by KSC Enterprises Ltd. in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES *(continued)*

Save as mentioned above, as at 30 June 2021, none of the Directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2021, the interests and short positions of those persons (other than the Directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	Capacity in which shares were held	Number of ordinary shares held	% of total issued share capital of the Company
KS Ocean Inc. (Note 1, 2)	Interests of controlled corporations	198,084,320	58.23
Pad Inc. (Note 1)	Interests of controlled corporations	96,646,960	28.41
Lapford Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 2)	Beneficial owner	101,437,360	29.82
Goodland Limited (Note 1)	Beneficial owner	96,646,960	28.41

Notes:

- (1) KS Ocean Inc., Pad Inc., Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.
- (2) KS Ocean Inc. had deemed interests in the same 101,437,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, as at 30 June 2021, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

HO Kian Guan
Executive Chairman

Hong Kong, 30 August 2021



REVIEW REPORT TO THE BOARD OF DIRECTORS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 16 to 40 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the six months ended 30 June 2021 – unaudited*

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	3	235,866	428,916
Cost of sales		(30,235)	(49,793)
		205,631	379,123
Other revenue	4(a)	6,562	27,076
Other net losses	4(b)	(8,986)	(77,870)
Direct costs and operating expenses		(87,680)	(224,366)
Marketing and selling expenses		(3,271)	(8,151)
Depreciation		(78,459)	(82,357)
Administrative and other operating expenses		(152,179)	(175,947)
Operating loss		(118,382)	(162,492)
Increase/(decrease) in fair value of investment properties	8	5,800	(3,600)
		(112,582)	(166,092)
Finance costs	5(a)	(16,599)	(24,230)
Share of losses of associates		(5,416)	(4,715)
Loss before taxation	5	(134,597)	(195,037)
Income tax credit	6	37,783	53,748
Loss for the period		(96,814)	(141,289)
Attributable to:			
Equity shareholders of the Company		(104,400)	(149,013)
Non-controlling interests		7,586	7,724
Loss for the period		(96,814)	(141,289)
Loss per share, basic and diluted (cents)	7	(30.7)	(43.8)

Details of dividends payable to equity shareholders of the Company are set out in note 15(a). The notes on pages 22 to 40 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021 – unaudited

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loss for the period	(96,814)	(141,289)
Other comprehensive income for the period		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(672)	(625)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	2,482	(14,946)
Other comprehensive income for the period	1,810	(15,571)
Total comprehensive income for the period	(95,004)	(156,860)
Attributable to:		
Equity shareholders of the Company	(104,967)	(162,403)
Non-controlling interests	9,963	5,543
Total comprehensive income for the period	(95,004)	(156,860)

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

The notes on pages 22 to 40 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 – unaudited

	Note	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Non-current assets			
Investment properties	8	902,900	897,100
Property, plant and equipment		1,753,400	1,817,377
Land		820,090	822,814
		3,476,390	3,537,291
Interest in associates		102,180	105,825
Other non-current financial assets	9	116,008	132,947
Deferred tax assets		347,036	303,088
		4,041,614	4,079,151
Current assets			
Trading securities		12,989	13,625
Properties held for sale		278,873	278,873
Inventories		3,945	4,006
Trade and other receivables	10	55,039	69,411
Deposits and cash	11	1,199,609	1,262,729
Taxation recoverable		36,808	46,731
		1,587,263	1,675,375
Current liabilities			
Bank loans	12	374,071	747,072
Trade and other payables	13	295,838	315,464
Loan from an associate		464	464
Loans from non-controlling shareholders	14	8,057	714
Taxation payable		14,332	8,460
		692,762	1,072,174

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**at 30 June 2021 – unaudited*

	Note	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Net current assets		894,501	603,201
Total assets less current liabilities		4,936,115	4,682,352
Non-current liabilities			
Bank loans	12	1,116,241	748,919
Deferred revenue		4,760	4,560
Loans from non-controlling shareholders	14	100,494	100,810
Derivative financial liabilities		962	3,187
Deferred tax liabilities		90,303	89,607
		1,312,760	947,083
NET ASSETS		3,623,355	3,735,269
CAPITAL AND RESERVES	15		
Share capital		498,305	498,305
Reserves		2,498,201	2,603,168
Total equity attributable to equity shareholders of the Company		2,996,506	3,101,473
Non-controlling interests		626,849	633,796
TOTAL EQUITY		3,623,355	3,735,269

The notes on pages 22 to 40 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*for the six months ended 30 June 2021 – unaudited*

	Attributable to equity shareholders of the Company							Total HK\$'000
	Share capital HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 January 2021	498,305	19,417	10,663	3,508	2,569,580	3,101,473	633,796	3,735,269
(Loss)/profit for the period	-	-	-	-	(104,400)	(104,400)	7,586	(96,814)
Other comprehensive income	-	-	105	(672)	-	(567)	2,377	1,810
Total comprehensive income for the period	-	-	105	(672)	(104,400)	(104,967)	9,963	(95,004)
Transfer from retained profits to legal reserve	-	94	-	-	(94)	-	-	-
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(16,910)	(16,910)
Balance at 30 June 2021	498,305	19,511	10,768	2,836	2,465,086	2,996,506	626,849	3,623,355
Balance at 1 January 2020	498,305	15,696	5,687	3,648	3,175,872	3,699,208	678,464	4,377,672
(Loss)/profit for the period	-	-	-	-	(149,013)	(149,013)	7,724	(141,289)
Other comprehensive income	-	-	(12,765)	(625)	-	(13,390)	(2,181)	(15,571)
Total comprehensive income for the period	-	-	(12,765)	(625)	(149,013)	(162,403)	5,543	(156,860)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	16,910	16,910
Transfer from retained profits to legal reserve	-	2,194	-	-	(2,194)	-	-	-
Dividends approved in respect of the previous year (note 15(a))	-	-	-	-	(15,309)	(15,309)	-	(15,309)
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(14,448)	(14,448)
Acquisition of non-controlling interests (note 15(c))	-	-	875	-	(24,676)	(23,801)	(39,951)	(63,752)
Balance at 30 June 2020	498,305	17,890	(6,203)	3,023	2,984,680	3,497,695	646,518	4,144,213

The notes on pages 22 to 40 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*for the six months ended 30 June 2021 – unaudited*

	Note	Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Operating activities			
Cash used in operations		(33,523)	(91,793)
Overseas tax refunded/(paid)		11,183	(8,952)
Net cash used in operating activities		(22,340)	(100,745)
Investing activities			
Decrease in bank deposits with original maturity more than three months		532,817	593,013
Interest received		4,324	14,720
Dividends received from listed and unlisted securities		451	265
Payment for the purchase of property, plant and equipment		(8,389)	(45,334)
Payment for acquisition of non-controlling interests		–	(63,752)
Net cash generated from investing activities		529,203	498,912
Financing activities			
Proceeds from new bank loans		75,999	9,810
Repayment of bank loans		(84,140)	(34,304)
Interest paid		(14,098)	(18,594)
Dividends paid to non-controlling shareholders		(16,910)	(14,448)
Net cash used in financing activities		(39,149)	(57,536)
Increase in cash and cash equivalents		467,714	340,631
Cash and cash equivalents at 1 January		710,072	1,158,559
Effect of foreign exchange rate changes		1,983	(10,443)
Cash and cash equivalents at 30 June	11	1,179,769	1,488,747

The notes on pages 22 to 40 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Basis of preparation

This interim financial report 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 issue on 30 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, 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 report contains condensed consolidated financial statements 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 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report 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. KPMG’s independent review report to the Board of Directors is included on page 15. In addition, this interim financial report has been reviewed by the Company’s Audit and Compliance Committee.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report 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 statements 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 2020 to the Registrar of Companies as required by section 662(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.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

None of these amendments have had a material effect on how the Group's results and the financial position for the current or prior periods have been prepared or presented. Other than the amendment to HKFRS 16, 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, non-trading and trading securities, financial instruments and other treasury operations.

(a) Revenue

Revenue represents income from hotel and club operations, rental income and the provision of management services. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Hotel and club operations	187,745	378,055
Rental income	44,390	46,994
Management fee income	3,731	3,867
	235,866	428,916

3 Revenue and segment reporting (continued)

(b) 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 payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

(c) Analysis of segment results of the Group

	Revenue HK\$'000	Depreciation HK\$'000	Finance costs HK\$'000	Share of losses of associates HK\$'000	Income tax credit/ (expense) HK\$'000	Contribution to (loss)/ profit HK\$'000
For the six months ended 30 June 2021						
Hotel	183,737	(76,425)	(15,718)	(5,416)	46,477	(102,352)
– Vietnam	129,064	(26,522)	(3,149)	(2,303)	(1,815)	5,335
– United States	29,326	(35,341)	(10,601)	–	43,711	(82,075)
– The People's Republic of China	22,089	(6,172)	(1,620)	–	–	(4,234)
– Canada	2,159	(5,602)	(348)	(3,113)	4,584	(15,834)
– Japan	1,099	(2,788)	–	–	(3)	(5,544)
Property						
– Macau	51,210	(1,988)	–	–	(3,983)	32,473
Investment and corporate	919	(46)	(881)	–	(4,711)	(26,935)
Total	235,866	(78,459)	(16,599)	(5,416)	37,783	(96,814)
For the six months ended 30 June 2020						
Hotel	375,111	(80,381)	(24,192)	(4,715)	61,210	(89,505)
– Vietnam	194,263	(27,429)	(4,054)	(2,537)	(3,653)	11,541
– United States	145,891	(40,924)	(18,277)	–	60,337	(81,733)
– The People's Republic of China	14,086	(4,968)	(1,560)	–	–	(6,598)
– Canada	16,231	(5,111)	(301)	(2,178)	2,038	(7,839)
– Japan	4,640	(1,949)	–	–	2,488	(4,876)
Property						
– Macau	52,727	(1,928)	(38)	–	(2,965)	20,508
Investment and corporate	1,078	(48)	–	–	(4,497)	(72,292)
Total	428,916	(82,357)	(24,230)	(4,715)	53,748	(141,289)

3 Revenue and segment reporting (continued)

(d) 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 2021				
Hotel				
– Vietnam	332,889	73,278	406,167	98
– United States	2,357,378	–	2,357,378	4,074
– The People's Republic of China	172,669	–	172,669	1,527
– Canada	124,215	24,744	148,959	2,104
– Japan	93,604	–	93,604	–
Property				
– Macau	1,874,218	–	1,874,218	587
Investment and corporate	571,724	4,158	575,882	–
Total	5,526,697	102,180	5,628,877	8,390
At 31 December 2020				
Hotel				
– Vietnam	421,264	75,582	496,846	5,074
– United States	2,385,173	–	2,385,173	44,764
– The People's Republic of China	174,492	–	174,492	6,185
– Canada	126,212	26,091	152,303	6,322
– Japan	103,955	–	103,955	11,010
Property				
– Macau	1,837,235	–	1,837,235	940
Investment and corporate	600,370	4,152	604,522	–
Total	5,648,701	105,825	5,754,526	74,295

Investment and corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the Group treasury function.

3 Revenue and segment reporting (continued)

(e) Analysis of total liabilities of the Group

	Segment liabilities HK\$'000	Bank borrowings HK\$'000	Total liabilities HK\$'000
At 30 June 2021			
Hotel			
– Vietnam	103,826	63,551	167,377
– United States	76,005	1,426,761	1,502,766
– The People's Republic of China	89,129	–	89,129
– Canada	6,847	–	6,847
– Japan	454	–	454
Property			
– Macau	181,361	–	181,361
Investment and corporate	57,588	–	57,588
Total	515,210	1,490,312	2,005,522
At 31 December 2020			
Hotel			
– Vietnam	126,931	125,913	252,844
– United States	85,591	1,349,022	1,434,613
– The People's Republic of China	87,179	–	87,179
– Canada	3,055	21,056	24,111
– Japan	1,498	–	1,498
Property			
– Macau	165,238	–	165,238
Investment and corporate	53,774	–	53,774
Total	523,266	1,495,991	2,019,257

4 Other revenue and other net losses

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
(a) Other revenue		
Interest income	4,324	14,720
Dividend income from listed and unlisted securities	451	265
Others	1,787	12,091
	6,562	27,076
(b) Other net losses		
Net exchange gains/(losses)	1,852	(11,317)
Net unrealised gains/(losses) on derivative financial instruments	2,229	(6,330)
Net unrealised losses on other non-current financial assets (note 16)	(12,431)	(59,700)
Net unrealised losses on trading securities	(636)	(523)
	(8,986)	(77,870)

5 Loss before taxation

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
(a) Finance costs		
Bank loan interests	14,098	22,646
Discounting effect on loans from non-controlling shareholders	2,501	1,560
Other interest expenses	–	24
	16,599	24,230
(b) Staff costs		
Salaries, wages and other benefits	102,508	208,571
Contributions to defined contribution retirement plans	3,418	4,063
	105,926	212,634
(c) Other items		
Cost of inventories	9,935	14,213
Rental income from properties less direct outgoings of HK\$1,407,000 (2020: HK\$676,000)	(42,983)	(45,393)

6 Income tax credit

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax – Overseas		
Provision for the period	4,665	9,225
Under/(over)-provision in respect of prior years	155	(4)
Tax concession in the United States (note (e))	–	(34,734)
	4,820	(25,513)
Deferred taxation		
Origination and reversal of other temporary differences	(42,603)	(28,235)
	(37,783)	(53,748)

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 2021 and 30 June 2020.
- (b) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2020: 20%) for the six months ended 30 June 2021.
- (d) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2020: 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 purposes for the six months ended 30 June 2021 and 30 June 2020.
- (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 ("US subsidiaries") are calculated at a rate of 21% (2020: 21%) and 9.98% (2020: 8.95%) respectively for the six months ended 30 June 2021.

On 27 March 2020, Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in the United States under which the US subsidiaries are allowed for a five-year carry back of net operating losses ("NOLs") arising in tax years 2018 to 2020. As a result, tax concession of HK\$34.7 million was recognised as "Tax recoverable" for the six months ended 30 June 2020.

6 Income tax credit (continued)

- (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 21.36% (2020: 21.36%) on all gross profit distributions from the subsidiary.
- (g) Provision for Macau, Complementary Tax is calculated at 12% (2020: 12%) of the estimated assessable profits for the six months ended 30 June 2021. Macau Property Tax is calculated at 8% (2020: 8%) 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% (2020: 26.5%).

7 Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$104,400,000 (2020: loss of HK\$149,013,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2021 and 30 June 2020.

There is no potential dilutive ordinary share during the six months ended 30 June 2021 and 30 June 2020.

8 Investment properties

The Group's investment properties were valued by Jones Lang LaSalle Limited, an independent firm of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach and with reference to sales evidence as available in the market.

The Group recorded an increase in fair value of investment properties of HK\$5,800,000 (2020: decrease of HK\$3,600,000) in profit or loss for the six months period ended 30 June 2021.

9 Other non-current financial assets

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Note		
Equity securities designated at FVOCI (non-recycling)		
– Listed outside Hong Kong	3,427	4,099
Financial assets measured at FVPL		
– Unlisted securities (i)	112,581	128,848
	116,008	132,947

Note:

- (i) At 30 June 2021, the Group owned 8.10% (31 December 2020: 9.86%) interest of A2I Holdings S.A.R.L.. A2I Holdings S.A.R.L. is a private limited liability company incorporated in Luxembourg which owns 6.75% (31 December 2020: 7.01%) equity shares of AccorInvest Group S.A..

10 Trade and other receivables

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

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Within one month	10,450	13,537
One to three months	915	109
More than three months	219	162
	11,584	13,808

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 customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted.

11 Deposits and cash

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Deposits with banks and other financial institutions	1,079,525	1,144,702
Cash at bank	120,084	118,027
Deposits and cash in the consolidated statement of financial position	1,199,609	1,262,729
Less: Deposits with original maturity greater than three months	(19,840)	(552,657)
Cash and cash equivalents in the condensed consolidated cash flow statement	1,179,769	710,072

12 Bank loans

(a) At 30 June 2021 and 31 December 2020, the bank loans were repayable as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Within 1 year or on demand	374,071	747,072
After 1 year but within 2 years	–	71,698
After 2 years but within 5 years	1,116,241	677,221
	1,116,241	748,919
	1,490,312	1,495,991

At 30 June 2021 and 31 December 2020, the bank loans were secured and unsecured as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Bank loans		
– Secured (note 12(b))	1,350,762	1,370,079
– Unsecured	139,550	125,912
	1,490,312	1,495,991

At 30 June 2021, except for the loans related to the Paycheck Protection Program received by two of the Group's subsidiaries which bear fixed interest rates, all other bank loans bear interest at floating interest rates which approximate to market rates of interest.

At 31 December 2020, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

12 Bank loans *(continued)*

- (b) At 30 June 2021, 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\$64,336,000 (31 December 2020: HK\$64,336,000), and
 - (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$1,911,734,000 (31 December 2020: HK\$2,044,238,000).

Such banking facilities amounted to HK\$1,435,762,000 (31 December 2020: HK\$1,455,126,000) and were utilised to the extent of HK\$1,350,762,000 as at 30 June 2021 (31 December 2020: HK\$1,370,079,000).

- (c) Except for the loans related to the Paycheck Protection Program received by two of the Group's subsidiaries, all of the Group's other 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.

As at 30 June 2021, certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group has obtained waivers from the banks to waive the testing of the covenant prior to the end of the interim period and the waivers to exempt those covenants testing covered a period of twelve months from 30 June 2021.

As at 31 December 2020, certain covenant ratios of Loan 1 and Loan 2 deviated from the requirements as stated in the relevant loan agreements. The Group has obtained waivers from the banks for testing the covenants for the year ended 31 December 2020. As the waivers from the banks for Loan 1 and Loan 2 covered a period of less than twelve months from 31 December 2020, the Group has reclassified a portion of the loan amounted to HK\$99,680,000 for Loan 1 and HK\$211,958,000 for Loan 2 from non-current liabilities to current liabilities that may be repayable in the coming twelve months upon the banks' demand, if any, in accordance with the loan agreements.

13 Trade and other payables

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Trade payables	77,460	76,672
Payables and accruals	84,012	106,034
Deposits and receipts in advance	134,366	132,758
	295,838	315,464

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Within one month	73,110	40,923
One to three months	3,106	2,129
More than three months	1,244	33,620
	77,460	76,672

14 Loans from non-controlling shareholders

At 30 June 2021, loans from non-controlling shareholders were unsecured, interest-free and repayable on demand except for amounts of HK\$31,372,000 and HK\$69,122,000 which were repayable on 30 April 2023 and 30 April 2025, respectively and classified as non-current liabilities.

At 31 December 2020, loans from non-controlling shareholders were unsecured, interest-free and repayable on demand except for amounts of HK\$33,421,000 and HK\$67,389,000 and which were repayable on 30 April 2023 and 30 April 2025, respectively and classified as non-current liabilities.

15 Capital, reserves and dividends**(a) Dividends**

- (i) *Dividends payable to equity shareholders attributable to the interim period*

No interim dividend was declared and paid after the interim period in respect of the six months ended 30 June 2021 (2020: Nil).

15 Capital, reserves and dividends (continued)**(a) Dividends (continued)**

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and payable/paid during the following interim period, of HK\$Nil (six months ended 30 June 2020: HK\$0.045 per share) per ordinary share	–	15,309

(b) Share capital

	At 30 June 2021		At 31 December 2020	
	No. of shares	Amount	No. of shares	Amount
	'000	HK\$'000	'000	HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January and at 30 June/31 December	340,200	498,305	340,200	498,305

(c) Reserves

- (i) *Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period.

- (ii) *Acquisition of non-controlling interests*

During the six months ended 30 June 2020, the Group paid HK\$63,752,150 to acquire non-controlling interests in respect of the Group's interest in a hotel property situated in Canada.

16 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

- (i) The Group's listed equity securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13. The derivative financial assets carried at fair value are categorised as falling under Level 2 of the fair value hierarchy. The unlisted securities carried at fair value are categorised as falling under Level 3 of the fair value hierarchy.

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

- (ii) *Valuation techniques and inputs used in Level 2 fair value measurements*

The Group's derivative financial instruments of interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties. These derivative financial instruments fall within the Level 2 fair value hierarchy as defined in HKFRS13.

- (iii) *Information about Level 3 fair value measurements*

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Unlisted securities	Adjusted net asset value	Underlying assets' value Discount for marketability	N/A 25% to 30% (2020: 25% to 30%)	The estimated fair value would increase if the underlying assets' value is higher; or the discount for marketability is lower.

16 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

The fair value of unlisted securities is determined using adjusted net asset value, which is positively correlated to the underlying assets' values and negatively correlated to the discount for marketability. The following table indicates instantaneous changes in the Group's loss/profit if there is an increase/decrease in these two significant unobservable inputs, assuming all other variables remain constant.

Significant unobservable inputs	Increase/ (decrease) in significant unobservable inputs %	Six months ended 30 June	
		2021 Decrease/ (increase) in the Group's loss HK\$'000	2020 Decrease/ (increase) in the Group's loss HK\$'000
Underlying assets' value	5	5,629	9,301
	(5)	(5,629)	(9,301)
Discount for marketability	1	(1,600)	(2,277)
	(1)	1,600	2,277

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	At 30 June 2021 HK\$'000	At 30 June 2020 HK\$'000
<i>Financial assets measured at FVPL:</i>		
<i>– Unlisted securities:</i>		
At 1 January	128,848	246,758
Changes in fair value recognised in profit or loss	(12,431)	(59,700)
Unrealised exchange loss	(3,836)	(1,030)
At 30 June	112,581	186,028

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

17 Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Contracted for	6,932	10,451
Authorised but not contracted for	19,871	19,738
	26,803	30,189

18 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions, which were on commercial terms, with Mr Ho Kian Cheong ("KC Ho"), Goodland Limited ("Goodland") and Kansas Holdings Limited ("Kansas").

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2021. Goodland holds 28% of the equity interest in the Company at 30 June 2021. Kansas holds 30% of the equity interest in the Company at 30 June 2021. Mr Ho Kian Guan and Mr Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

		Six months ended 30 June	
	Note	2021 HK\$'000	2020 HK\$'000
(a) Transactions with Goodland			
Rental income receivable	(i)	254	254
Management fee payable	(ii)	984	984

18 Material related party transactions (continued)

	Note	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
(b) Balances with Goodland			
Amount due from Goodland		–	28
Amount due to Goodland	(iv)	395	251
(c) Balances with KC Ho			
Loan from KC Ho	(iii)	11,098	10,847
Amount due to KC Ho	(iii)	601	602
(d) Balances with Kansas			
Loan from Kansas	(iii)	45,814	44,782
Amount due to Kansas	(iii)	2,802	2,907

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.
- (ii) Certain subsidiaries of the Company paid management fees to Goodland.
- (iii) At 30 June 2021, loan from KC Ho of HK\$8,424,000 (31 December 2020: HK\$8,243,000) and HK\$2,674,000 (31 December 2020: HK\$2,604,000) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023, respectively.

At 30 June 2021, amount due to KC Ho of HK\$601,000 (31 December 2020: HK\$602,000) was unsecured, interest-free and repayable on demand.

As 30 June 2021, loan from Kansas of HK\$34,775,000 (31 December 2020: HK\$34,030,000) and HK\$11,039,000 (31 December 2020: HK\$10,752,000) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023, respectively.

The above three items are included in loans from non-controlling shareholders (note 14).

At 30 June 2021, trade and other payables included amount due to Kansas of HK\$2,802,000 (31 December 2020: HK\$2,907,000) which was interest-free, unsecured and repayable on demand.

18 Material related party transactions *(continued)*

Notes: *(continued)*

- (iv) At 30 June 2021, trade and other payables included amounts due to Goodland of HK\$395,000 (31 December 2020: HK\$251,000) comprising:
- interest-bearing accounts with certain subsidiaries of the Company amounting to HK\$51,000 (31 December 2020: HK\$33,000).
 - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$344,000 (31 December 2020: HK\$218,000).

The balances are unsecured and repayable on demand.

The related party transactions above constitute connected transactions as defined in Chapter 14A of the Listing Rules.

19 Contingent liabilities

At 30 June 2021, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau Special Administrative Region Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2020: HK\$8,252,000).

At 30 June 2021, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

SCHEDULE OF PRINCIPAL PROPERTIES

at 30 June 2021

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Car parks	206	N/A	Short lease
Properties classified as hotel properties					
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
Delta Hotels by Marriott Toronto Airport & Conference Centre Toronto, Canada	25%	Hotel	433	450,000	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	24.99%	Hotel	335	247,500	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	404	289,418	Freehold
Sofitel New York New York, United States	100%	Hotel	398	294,000	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	100%	Hotel	179	41,709	Freehold

SCHEDULE OF PRINCIPAL PROPERTIES *(continued)*

at 30 June 2021

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as properties held for sale					
Ocean Industrial Centre Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	23	85,261	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Ocean Gardens, Macau	70.61%	Car parks	743	N/A	Short lease
Keck Seng Industrial Building Avenida de Venceslau de Morais, Macau	100%	Car parks	3	N/A	Short lease