



KECK SENG

Stock Code : 0184

INVESTMENTS (HONG KONG) LIMITED

INTERIM REPORT

09

CORPORATE INFORMATION

DIRECTORS

HO Kian Guan – *Executive Chairman*
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 Chung Kain (Alternate to HO Chung Hui)
* HO Kian Cheong
**CHAN Yau Hing Robin
**KWOK Chi Shun Arthur
**WANG Poey Foon Angela

* *Non-executive Director*
***Independent Non-executive Director*

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

REMUNERATION COMMITTEE

TSE See Fan Paul – *Chairman*
YU Yuet Chu Evelyn
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela

COMPANY SECRETARY

YUEN Chiu Yuk Ida

AUDITORS

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

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

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 consolidated interim results of the Company and its subsidiaries (the "Group"), and associated companies for the six months ended 30 June 2009. The unaudited consolidated interim results have been reviewed by the Company's auditor, 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 Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The review report of the auditor is included on page 10.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2009 was HK\$101,344,000 (HK\$0.30 per share), compared to HK\$177,675,000 (HK\$0.52 per share) for the first six months of 2008.

The Board has declared an interim dividend of HK\$0.025 (2008: HK\$0.05) per share for 2009 payable on Wednesday, 21 October 2009, to equity shareholders whose names appear on the register of members of the Company on Friday, 16 October 2009.

OPERATIONS REVIEW

The Group's business is organized by geographical locations. These locations are mainly divided into Macau, Vietnam, The People's Republic of China ("PRC"), Canada, and other markets classified by location of assets.

Macau

During the first half of 2009, the Group's turnover in Macau consisted mainly of rental income from its portfolio of residential, commercial and industrial properties. The Macau economy was affected by a reduction in total visitor arrivals as well as decrease in foreign direct investment. In anticipation of improved property market conditions and a more robust economy, the Group has therefore withheld from any sale of its properties in Macau during the first half of the year.

Total turnover for the first six months of 2009 was HK\$17.8 million, a reduction of 80% as compared to the last corresponding period.

Vietnam

During the first half of 2009, *Sheraton Saigon Hotel and Grand Towers* reported a reduction in turnover and contribution to profits. Average room rate reduced in the first half of 2009 to US\$197, as compared to US\$230 in the first half of 2008. Occupancy rate for the first half of 2009 was 47%, as compared to 68% in the corresponding period in 2008. The reductions are in line with the market conditions in the international lodgings market in Ho Chi Minh City, and are largely a result of reduced international travelling to Vietnam from the main feeder markets.

The *Caravelle Hotel*, in which the Group holds 25%, reported a reduction in profit contribution in the first half of 2009, as compared to 2008. Average room rate also declined to US\$178 in the first half of 2009, as compared to US\$203 in the first half of 2008. Occupancy rate for the first six months was at 44% in 2009, as compared to 65% in the corresponding period in 2008.

PRC

The *Holiday Inn Riverside Wuhan* reported a reduction in room rates for the first half of 2009 to RMB358, as compared to RMB384 for the first half of 2008. Occupancy rate reduced to 63% for the first six months in 2009, as compared to 67% during the same period of 2008.

More new international and local hotels have opened up in the city during the period under review, which heightened the already intensive competition in this segment of the market.

Canada

During the first half of 2009, the profit contribution from Canadian hotels of the Group was negatively impacted by the financial tsunami. For the first six months of the year, *DoubleTree International Plaza Hotel* in Toronto reported a reduction in average room rate to C\$115 in 2009, as compared to C\$116 in 2008. Occupancy rate also dropped to 68% in 2009 as compared to 80% in 2008. The *Four Points Hotel by Sheraton* in Quebec reported a reduction in average room rate to C\$114 in the first half of 2009, as compared to C\$117 in the first half of 2008. Occupancy rate also dropped to 64% in 2009 as compared to 75% in 2008. The *Sheraton Ottawa Hotel* reported a drop in room rate in the first six months of the year to C\$148, as compared to C\$167 in 2008. Despite the increase in occupancy rate to 72% for the first six months of 2009 as compared to 63% in the corresponding period in 2008, the hotel reported a reduction in net earnings after accounting for tax.

The Four Points Hotel by Sheraton in which the Group has a 25% shareholding, was disposed of in July 2009.

FINANCIAL REVIEW

The Group's turnover was HK\$335.8 million for the first six months of 2009, a decrease of 20% over the corresponding period in 2008. The Group withheld from any sale of its properties in Macau during the first half of the year to adhere to the strategy of releasing remaining properties at the best possible time to maximize property development margin. Revenue from hotel operations amounted to HK\$316.6 million, a decrease of 5% as compared to HK\$331.8 million in the corresponding period in 2008. A profit attributable to shareholders of HK\$101.3 million was reported as compared to a profit attributable to shareholders of HK\$177.7 million in 2008.

At 30 June 2009, the Group had total borrowings of HK\$149.8 million and bank deposits and cash of HK\$1,437.0 million. Bank deposits and cash are mostly in United States dollars, Hong Kong dollars, Australian dollars and Canadian dollars. Taking into account of the cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

At 30 June 2009, certain properties held for sale with an aggregate carrying value of approximately HK\$101.4 million were mortgaged to various banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2009, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8.3 million.

At 30 June 2009, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK\$64.2 million.

At 30 June 2009, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$32.3 million.

PROSPECTS

The first quarter of 2009 was an unprecedented period for the global economy with multiple scenarios of financial meltdown. Actions by monetary authorities in terms of drastic increases in money supply and credit expansion have averted further crises for the time being. As we move into the third quarter of the year, there are signs of stability in several key economies. Yet the outlook for the next six to twelve months remains uncertain.

For the full year of 2009, Macau is expected to report an increase in GDP. There will be a modest recovery in the property market in the second and third quarters of the year. Uncertainty in the US financial and gaming markets, however, continue to negatively impact, both in terms of sentiments and investment flow into Macau. The visa restrictions imposed by the Chinese authorities have seen signs of some relaxation, although the magnitude of mainland visitor arrivals can still not be predicted with accuracy. The fundamental strength of the Macau economy however remains intact, and will continue to be supported by a gradual increase in investments in fixed assets, as well as low unemployment levels amongst the local working population. The Group's property portfolio in Macau is well positioned to benefit from the recovery.

The Group's hotel businesses will continue to be affected by the current economic downturn and the speed of the impending recovery. Both China and Vietnam remain economies with good long term growth potential, despite the current worldwide adjustment.

The US economy still remains the largest economy in the world, despite its current economic woes. The Group's recent investment in the US was a move to take advantage of the dramatic reduction in capital values in the first quarter of the year. Capital values and investment sentiments have since then improved.

It is the Group's continuing policy to remain focused on seeking further investment opportunities.

PERSONNEL

At 30 June 2009, the Group had approximately 1,525 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in the different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

The Company will continue its policy of maintaining a solid, balanced and sensible framework of corporate governance.

The Company has conducted a review of its corporate governance regime and framework during the period, and will continue to do so, with a view towards ensuring that such practices are in line with evolving regulatory developments and market expectations.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim financial statements, in compliance with the Code on Corporate Governance Practices, except that the Company had not appointed a chief executive officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board of the Company, the role is undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in the past years and does not impair the balance of responsibility between the Board and the management of the business. Further, the non-executive directors of the Company are not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board 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 of The Stock Exchange of Hong Kong Limited. The Company has made specific enquiries of all Directors who have confirmed compliance with the required standards set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive directors. The Audit Committee meets with the Group's senior management, internal and external auditors regularly to review the effectiveness of the internal control system and the interim and annual reports, including the Group's unaudited consolidated financial statements for the six months ended 30 June 2009.

REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, three of whom are independent non-executive directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company.

MATERIAL EVENTS SINCE FINANCIAL PERIOD END

As per an announcement issued on 6 July 2009, the Company has entered into a Purchase and Sale Agreement to purchase the 404-room W Hotel in San Francisco at a consideration of US\$90 million approximately. In July 2009, the acquisition was successfully completed. And as reported in the circular dated 27 July 2009 to shareholders, the Directors consider the acquisition to be a strategic move to further its investments in the hotel sector where the Group has built up considerable experience. It also allows the Group to acquire an established, well managed, branded international hotel property in a prime location at a time when the economic cycle allows the acquisition to be conducted at a reasonable capital cost.

BOOK CLOSE

The register of members will be closed from Tuesday, 13 October 2009 to Friday, 16 October 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 October 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2009.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2009 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 Hong Kong 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) Ltd	Ho Kian Guan	204,480	197,556,320 ⁽²⁾	197,760,800	58.13
	Ho Kian Hock	480	197,556,320 ⁽²⁾	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000 ⁽³⁾	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Hock	–	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Hock	–	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US\$	Ho Kian Guan	–	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Hock	–	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000 ⁽⁷⁾	489,000	3.00
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Hock	–	56,675,000 ⁽⁸⁾	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 Co Ltd	Ho Kian Guan	–	100,000 ⁽⁹⁾	100,000	100.00
	Ho Kian Hock	–	100,000 ⁽⁹⁾	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Hock	–	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500 ⁽¹¹⁾	5,500	55.00
KSF Enterprises Sdn Bhd	Ho Kian Guan	–	10,000 ⁽¹²⁾	10,000	100.00
	Ho Kian Hock	–	10,000 ⁽¹²⁾	10,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000 ⁽¹³⁾	4,950,000	55.00
	Ho Kian Hock	–	4,950,000 ⁽¹³⁾	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	2,475,000 ⁽¹⁴⁾	2,475,000	55.00
	Ho Kian Hock	–	2,475,000 ⁽¹⁴⁾	2,475,000	55.00

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES (CONTINUED)

Notes:

- (1) This represents interests held by the relevant directors as beneficial owners.
- (2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
- (4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (6) This represents US\$8,965,000 (55%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (7) This represents interests held by AKA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
- (8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,500 shares (25%) directly held by the Company, 2,499 shares (24.99%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 5,001 shares (50.01%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (13) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (14) This represents 2,250,000 preferred shares (50%) indirectly held by the Company and 225,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 30 June 2009, 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 Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 30 June 2009, 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
Ocean Inc. (Note 1, 2)	Interests of controlled corporations	197,556,320	58.1
Pad Inc (Note 1)	Interests of controlled corporations	96,646,960	28.4
Lapford Limited (Note 1)	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited (Note 1)	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited (Note 2)	Beneficial owner	100,909,360	29.7
Goodland Limited (Note 1)	Beneficial owner	96,646,960	28.4

Notes:

- (1) 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) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 30 June 2009, 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, 24 September 2009



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 11 to 26 which comprises the consolidated balance sheet of Keck Seng Investments (Hong Kong) Limited as of 30 June 2009 and the related consolidated income statement, statement of comprehensive income and 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 2009 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

Hong Kong, 24 September 2009

CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
Turnover	3	335,806	420,836
Cost of sales		(67,225)	(77,933)
		268,581	342,903
Other revenue	4(a)	8,862	25,728
Other net income	4(b)	56,473	41,706
Direct costs and operating expenses		(93,032)	(84,688)
Marketing and selling expenses		(17,127)	(17,676)
Depreciation of fixed assets		(35,918)	(32,476)
Administrative and other operating expenses		(51,250)	(60,285)
Operating profit		136,589	215,212
(Decrease)/increase in fair value of investment properties	9	(6,493)	20,420
		130,096	235,632
Finance costs	5(a)	(44)	(240)
Share of profits less losses of associates		8,288	15,422
Profit before taxation	5	138,340	250,814
Income tax	6	(9,506)	(12,922)
Profit for the period		128,834	237,892
Attributable to:			
Equity shareholders of the Company		101,344	177,675
Minority interests		27,490	60,217
Profit for the period		128,834	237,892
Earnings per share, basic and diluted (cents)	8	29.8	52.2

The notes on pages 16 to 26 form part of these interim financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit for the period	128,834	237,892
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences arising from translation of overseas operations	3,059	2,849
Interest-free loans from minority shareholders: net movement in other capital reserve	(2,841)	(2,587)
Available-for-sale securities: net movement in fair value reserve	567	84
	785	346
Total comprehensive income for the period	129,619	238,238
Attributable to:		
Equity shareholders of the Company	101,524	178,021
Minority interests	28,095	60,217
Total comprehensive income for the period	129,619	238,238

The notes on pages 16 to 26 form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET

		(Unaudited) At 30 June 2009 HK\$'000	(Audited) At 31 December 2008 HK\$'000
	Note		
Non-current assets			
Fixed assets	9		
– Investment properties		240,907	247,400
– Other properties and fixed assets		624,175	653,979
– Interests in leasehold land held for own use under operating lease		119,172	120,959
		984,254	1,022,338
Interest in associates		150,299	138,177
Available-for-sale securities		2,352	1,785
		1,136,905	1,162,300
Current assets			
Trading securities		2,017	37,692
Properties held for sale		332,719	332,767
Inventories		2,447	2,663
Trade and other receivables	10	25,688	36,303
Derivative financial assets		3,221	296
Deposits and cash	11	1,437,036	1,326,426
		1,803,128	1,736,147
Current liabilities			
Bank loans		–	10,000
Trade and other payables	12	167,729	193,423
Loans from associates		1,364	1,364
Loans from minority shareholders	13	129,117	37,014
Loan from an affiliated company		–	28,733
Amount due to an affiliated company		19,363	20,890
Derivative financial liabilities		8,082	6,106
Taxation payable		26,486	29,974
Dividend payable		42,525	–
		394,666	327,504
Net current assets		1,408,462	1,408,643
Total assets less current liabilities		2,545,367	2,570,943
Non-current liabilities			
Loans from minority shareholders	13	–	96,117
Deferred tax liabilities		10,531	11,654
		10,531	107,771
NET ASSETS		2,534,836	2,463,172
CAPITAL AND RESERVES			
Share capital	14	340,200	340,200
Reserves	14	1,745,768	1,686,769
Shareholders' equity		2,085,968	2,026,969
Minority interests		448,868	436,203
TOTAL EQUITY		2,534,836	2,463,172

The notes on pages 16 to 26 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED*For the six months ended 30 June 2009*

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Other capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2008	340,200	158,105	12,758	13,219	19,225	3,110	1,356,956	1,903,573	358,482	2,262,055
Total comprehensive income for the period	-	-	-	(2,587)	2,849	84	177,675	178,021	60,217	238,238
Dividends approved in respect of the previous year	-	-	-	-	-	-	(40,824)	(40,824)	-	(40,824)
Dividends paid by the subsidiaries to minority interests	-	-	-	-	-	-	-	-	(15,430)	(15,430)
At 30 June 2008	340,200	158,105	12,758	10,632	22,074	3,194	1,493,807	2,040,770	403,269	2,444,039
At 1 January 2009	340,200	158,105	12,758	7,778	22,563	1,193	1,484,372	2,026,969	436,203	2,463,172
Total comprehensive income for the period	-	-	-	(2,841)	2,454	567	101,344	101,524	28,095	129,619
Dividends approved in respect of the previous year	-	-	-	-	-	-	(42,525)	(42,525)	-	(42,525)
Dividends paid by the subsidiaries to minority interests	-	-	-	-	-	-	-	-	(15,430)	(15,430)
At 30 June 2009	340,200	158,105	12,758	4,937	25,017	1,760	1,543,191	2,085,968	448,868	2,534,836

The notes on pages 16 to 26 form part of these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	<i>Note</i>	Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Net cash generated from operating activities		65,723	180,801
Net cash used in investing activities		(28,850)	(15,895)
Net cash used in financing activities		(61,167)	(20,419)
(Decrease)/increase in cash and cash equivalents		(24,294)	144,487
Cash and cash equivalents at 1 January	<i>11</i>	1,292,376	1,073,404
Effect of foreign exchange rate changes		69,941	34,109
Cash and cash equivalents at 30 June	<i>11</i>	1,338,023	1,252,000

The notes on pages 16 to 26 form part of these interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

These interim financial statements have 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 24 September 2009.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the interim financial statements 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.

These interim financial statements contain 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 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagement 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 10.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial statements as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available at the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 April 2009.

2. Changes in accounting policies

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

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior executive management, and has resulted in amended disclosures being presented (see note 3). As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanations have been included in the interim financial statements which explain the basis of preparation of the information. Corresponding amounts have been restated on a basis consistent with the revised segment information.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these interim financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

The amendments to HKAS 23 have no material impact on the Group's financial statements as the amendments and interpretations are consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial statements.

The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. The "Improvements to HKFRSs (2008)" have no material impact on the Group's financial statements.

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. The amendments to HKAS 27 have no material impact on the Group's financial statements.

3. Segmental information

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 four reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

Hotel operations 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.

Property investment segment is primarily engaged in the businesses of property leasing of the Group's investment properties, which mainly consist of retail and office properties in Macau.

Property development segment is primarily engaged in the businesses of development, construction, sales and marketing of the Group's trading properties in Macau.

Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

Segment results and assets

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment.

3. Segmental information (continued)

(a) Analysis of segment results of the Group

	External turnover HK\$'000	Inter- segment turnover HK\$'000	Total turnover HK\$'000	Other revenue and net income HK\$'000	Depreciation of fixed assets HK\$'000	Finance costs HK\$'000	Share of results of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
For the six months ended									
30 June 2009									
Hotel operations									
- The Peoples' Republic of China	25,766	-	25,766	414	(5,944)	-	-	-	144
- Vietnam	290,859	-	290,859	2,197	(25,169)	-	5,089	(10,603)	71,437
- Canada	-	-	-	-	-	-	3,203	-	3,203
Property development	250	-	250	-	-	-	-	-	200
Property investment	17,614	939	18,553	10,685	(4,767)	(14)	-	1,044	4,049
Investment and corporate	1,317	1,265	2,582	52,039	(38)	(30)	(4)	53	49,801
Inter-segment elimination	-	(2,204)	(2,204)	-	-	-	-	-	-
Total	335,806	-	335,806	65,335	(35,918)	(44)	8,288	(9,506)	128,834
For the six months ended									
30 June 2008									
Hotel operations									
- The Peoples' Republic of China	24,828	-	24,828	12,797	(6,336)	(103)	-	-	13,513
- Vietnam	307,002	-	307,002	1,472	(21,615)	-	8,263	(6,861)	97,952
- Canada	-	-	-	-	-	-	7,159	-	7,159
Property development	63,940	-	63,940	-	-	-	-	(6,155)	45,126
Property investment	23,572	138	23,710	8,313	(4,487)	(59)	-	85	30,955
Investment and corporate	1,494	7,327	8,821	44,852	(38)	(78)	-	9	43,187
Inter-segment elimination	-	(7,465)	(7,465)	-	-	-	-	-	-
Total	420,836	-	420,836	67,434	(32,476)	(240)	15,422	(12,922)	237,892

3. Segmental information (continued)

(b) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
At 30 June 2009			
Hotel operations			
– The Peoples' Republic of China	203,144	–	203,144
– Vietnam	578,338	63,668	642,006
– Canada	–	55,573	55,573
Property development	290,574	–	290,574
Property investment	499,399	–	499,399
Investment and corporate	1,218,279	31,058	1,249,337
Total	2,789,734	150,299	2,940,033
At 31 December 2008			
Hotel operations			
– The Peoples' Republic of China	203,737	–	203,737
– Vietnam	614,979	58,580	673,559
– Canada	–	49,280	49,280
Property development	288,583	–	288,583
Property investment	463,701	–	463,701
Investment and corporate	1,189,270	30,317	1,219,587
Total	2,760,270	138,177	2,898,447

4. Other revenue and net income

(a) Other revenue

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interest income from bank deposits	8,131	24,504
Dividend income from available-for-sale securities	84	66
Other revenue from hotel and club operations and miscellaneous income	647	1,158
	8,862	25,728

(b) Other net income

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Net realised and unrealised losses on trading securities	(1,527)	(4,766)
Net exchange gain	58,000	46,472
	56,473	41,706

5. Profit before taxation

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

		Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
(a)	Finance costs:		
	Interest on bank advances and other borrowings wholly repayable within five years	33	184
	Interest payable on amount due to an affiliated company	11	56
		44	240
(b)	Staff costs:		
	Salaries, wages and other benefits	21,674	23,549
	Contributions to defined contribution retirement plans	1,244	1,273
		22,918	24,822
(c)	Other items:		
	Cost of properties sold	49	12,660
	Cost of inventories	25,219	19,193
	Rentals receivable from investment properties less direct outgoings of HK\$2,772,000 (2008: HK\$3,406,000)	(11,063)	(15,514)
	Other rental income less direct outgoings	(640)	(692)

6. Income tax

Taxation in the consolidated income statement represents:

		Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax			
	Provision for the period	–	–
Current tax – Overseas			
	Provision for the period	12,719	15,955
	Over-provision in respect of prior periods (<i>note (iii)</i>)	(2,090)	(5,483)
		10,629	10,472
Deferred taxation			
	Change in value of investment properties	(798)	2,450
	Origination and reversal of temporary differences	(325)	–
		(1,123)	2,450
		9,506	12,922

6. Income tax (continued)

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the six months ended 30 June 2009. No provision for Hong Kong Profits Tax has been made in respect of subsidiaries of the Group operating in Hong Kong as these subsidiaries incurred tax losses during the six months ended 30 June 2008 and 30 June 2009.
- (ii) Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.
- (iii) Over-provision of tax of HK\$2,090,000 (2008: HK\$5,483,000) primarily represented Macau complementary tax made in prior years.
- (iv) Share of associates' tax for the six months ended 30 June 2009 of HK\$3,347,000 (2008: HK\$5,941,000) is included in the share of profits less losses of associates.

7. Dividends

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.025 (2008: HK\$0.05) per ordinary share	8,505	17,010

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

- (b) Dividends attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.125 (six months ended 30 June 2008: HK\$0.12) per ordinary share	42,525	40,824

8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity shareholders of the Company of HK\$101,344,000 (2008: HK\$177,675,000) and 340,200,000 ordinary shares in issue during both periods.

For the period under review and the preceding comparative period, there is no difference between the basic and diluted earnings per share.

9. Fixed assets

Investment properties carried at fair value were revalued at 30 June 2009 at their open market value. The valuations were carried out by an independent firm of surveyors, Infinity Property Development and Planning Limited, who have recent experience in the location and category of property being valued. As a result of the update, a net deficit of HK\$6,493,000 (2008: net gain of HK\$20,420,000), and deferred tax credit thereon of HK\$798,000 (2008: deferred tax expense of HK\$2,450,000), have been recognised in profit or loss for the period in respect of investment properties.

At 30 June 2009, certain properties held for sale with an aggregate carrying value of HK\$101,437,000 (31 December 2008: HK\$101,437,000) were mortgaged to various banks to secure banking facilities granted to the Group.

10. Trade and other receivables

Included in trade and other receivables are trade receivables (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	At 30 June 2009 HK\$'000	At 31 December 2008 HK\$'000
Current or less than one month overdue	8,249	11,236
One to three months overdue	5,402	7,142
More than three months overdue but less than twelve months overdue	–	48
Trade receivables	13,651	18,426

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy for trade receivables. The general credit terms allowed range from 0 – 30 days. Trade receivables with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit will be granted.

11. Deposits and cash

	At 30 June 2009 HK\$'000	At 31 December 2008 HK\$'000
Deposits with banks and other financial institutions	1,417,755	1,292,286
Cash at bank and in hand	19,281	34,140
	1,437,036	1,326,426
Less: Deposits with maturity greater than three months	(99,013)	(34,050)
Cash and cash equivalents in the condensed consolidated cash flow statement	1,338,023	1,292,376

12. Trade and other payables

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

	At 30 June 2009 HK\$'000	At 31 December 2008 HK\$'000
Due within one month or on demand	28,501	8,517
Due after one month but within three months	947	15,726
Due after three months but within six months	176	1,655
Trade payables	29,624	25,898

13. Loans from minority shareholders

Loans from minority shareholders are unsecured, non-interest bearing and repayable on demand, except for a loan with nominal value of HK\$103,996,000 (31 December 2008: HK\$103,894,000) before the effect of discounting in the amount of HK\$4,936,000 (31 December 2008: HK\$7,778,000) which is repayable on 30 April 2010 and classified as current liabilities at 30 June 2009.

14. Share capital and reserves**(a) Share capital**

	<i>No. of shares '000</i>	<i>Amount HK\$'000</i>
Authorised:		
Ordinary shares of HK\$1 each	500,000	500,000
Issued and fully paid:		
At 1 January 2009 and 30 June 2009	340,200	340,200

(b) Reserves

Details of the movements in reserves of the Group during the six months ended 30 June 2008 and 30 June 2009 are set out in the consolidated statement of changes in equity.

15. Commitments

At 30 June 2009, the Group had commitments in respect of development expenditure not provided for as follows:

	At 30 June 2009 HK\$'000	At 31 December 2008 HK\$'000
Contracted for	9,082	14,302
Authorised but not contracted for	16,114	3,742
	25,196	18,044

16. Contingent liabilities

- (a) At 30 June 2009, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2008: HK\$8,252,000).
- (b) At 30 June 2009, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK\$64,230,000 (31 December 2008: HK\$65,989,000).
- (c) At 30 June 2009, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$32,260,000 (CA\$5,000,000) (31 December 2008: HK\$31,941,000 (CA\$5,000,000)).
- (d) At 30 June 2009, the Directors do not consider it probable that a claim will be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantees as their fair values cannot be reliably measured and they were issued many years ago and their transaction price was HK\$Nil.

17. Material related party transactions

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

Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2009. Messrs Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2009.

		Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
		<i>Note</i>	
(a)	Transactions with Goodland		
	Rental income receivable	<i>(i)</i>	372
	Management fee payable	<i>(ii)</i>	1,602
	Interest expense payable	<i>(iii)</i>	56
		At 30 June	At 31 December
		2009	2008
		HK\$'000	HK\$'000
(b)	Balances with Goodland		
	Loans from Goodland	<i>(iii)</i>	79,340
	Amounts due to Goodland	<i>(iii)</i>	20,890
(c)	Balances with KC Ho		
	Loans from KC Ho	<i>(iv)</i>	19,219
	Amounts due to KC Ho	<i>(iv)</i>	4,256

17. Material related party transactions (continued)

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income (net of outgoings) amounted to HK\$372,000 for the six months ended 30 June 2009 (2008: HK\$372,000).
- (ii) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK\$1,602,000 for the six months ended 30 June 2009 (2008: HK\$1,602,000).
- (iii) Loans from Goodland are unsecured, non-interest bearing and repayable on demand, except for a loan with nominal value of HK\$54,759,000 (31 December 2008: HK\$54,702,000) before the effect of discounting in the amount of HK\$2,599,000 (31 December 2008: HK\$4,095,000) which is repayable on 30 April 2010.

Amounts due to Goodland of HK\$19,363,000 at 30 June 2009 (31 December 2008: HK\$20,890,000) comprises of:

- interest bearing accounts with certain subsidiaries of the Company amounted to HK\$2,539,000 (31 December 2008: HK\$2,703,000). Interest payable by the subsidiaries amounted to HK\$11,000 for the six months ended 30 June 2009 (2008: HK\$56,000).
- non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,824,000 (31 December 2008: HK\$18,187,000).
- (iv) Loans from KC Ho are unsecured, non-interest bearing and repayable on demand, except for a loan with nominal value of HK\$13,258,000 (31 December 2008: HK\$13,251,000) before the effect of discounting in the amount of HK\$630,000 (31 December 2008: HK\$992,000) which is repayable on 30 April 2010.

Amounts due to KC Ho represent non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.

18. Non-adjusting post balance sheet event

On 2 July 2009, the Group entered into a sale and purchase agreement to acquire a hotel from an independent third party for an aggregate consideration of US\$90.0 million (equivalent to approximately HK\$697.5 million). The hotel is located in San Francisco, California, United States.

The transaction was completed in July 2009 and the consideration was fully settled.

19. Comparative figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.