



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

*Stock Code : 0184*



**INTERIM REPORT 2012 INTERIM REPORT 2012**

## 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

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

### NOMINATION COMMITTEE

- KWOK Chi Shun Arthur – *Chairman*  
 CHAN Yau Hing Robin  
 WANG Poey Foon Angela  
 TSE See Fan Paul  
 HO Chung Tao

### 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

- Room 2902 West Tower  
 Shun Tak Centre  
 168-200 Connaught Road Central  
 Hong Kong

### COMPANY'S WEBSITE

- [www.keckseng.com.hk](http://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 2012. 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 11.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 was HK\$200,106,000 (HK\$0.588 per share), compared to HK\$99,871,000 (HK\$0.294 per share) for the first six months of 2011.

The Board has declared an interim dividend of HK\$0.03 (2011: HK\$0.025) per share for 2012 payable on Thursday, 18 October 2012, to equity shareholders whose names appear on the register of members of the Company on Wednesday, 10 October 2012.

## OPERATIONS REVIEW

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

### Macau

During the first half of 2012, the Group's turnover from property development in Macau was HK\$127.3 million. There was no turnover from property development for the same period in 2011. Turnover from property investment in Macau rose to HK\$33.1 million, an increase of about 58.7%. The ongoing development of the COTAI area has continued to provide a strong stimulus to the Macau economy, including the property sector.

### Vietnam

During the first half of 2012, turnover in Vietnam increased to HK\$315 million, an increase of approximately 3.5% as compared to the same period in 2011. The economy in Vietnam is performing well against a background of high domestic inflation and weakness in its overseas export markets.

**Sheraton Saigon Hotel and Grand Towers** For the first half of the year, the hotel reported an occupancy rate of approximately 68.8% in 2012 as compared to 65.4% in the previous year. Average room rate was approximately US\$168 in the first six months of 2012, as compared to US\$174 in the previous year.

**Caravelle Hotel** For the first half of the year, the hotel reported an occupancy rate of approximately 65.0% in 2012 as compared to 69.8% in the previous year. Average room rate was approximately US\$143 in the first six months of 2012, as compared to US\$142 in the previous year.

## US

**W San Francisco** The economic recovery in the US continued during 2012, although at a slow pace and with unemployment remaining sluggishly high. For the first half of the year, the hotel reported an occupancy rate of approximately 82.3% in 2012 as compared to 81.8% in the previous year. Average room rate was approximately US\$272 in the first six months of 2012, as compared to US\$259 in the previous year.

## PRC

**Holiday Inn Wuhan Riverside** The Chinese economy was experiencing a period of consolidation in 2012. In the hotel itself, renovation of the lobby and the guest rooms has been ongoing throughout this period. For the first half of the year, the hotel reported an occupancy rate of approximately 64.1% in 2012 as compared to 70.6% in the previous year. Average room rate was approximately Rmb422 in the first six months of 2012, as compared to Rmb416 in the previous year.

## Japan

**Best Western Hotel Fino Osaka Shinsaibashi** For the first half of the year, the hotel reported an occupancy rate of approximately 76.7% in 2012 as compared to 74.4% in the previous year. Average room rate was approximately JPY 4,894 in the first six months of 2012, as compared to JPY 4,545 in the previous year.

**Iris Ginza East Tokyo** For the first half of the year, the property reported an occupancy rate of approximately 92.8% in 2012 as compared to 94.6% in the previous year. Average room rate was approximately JPY 155,098 per month in the first six months of 2012, as compared to JPY 153,776 in the previous year.

**Iris Nihonbashi Suitengu Tokyo** For the first half of the year, the property reported an occupancy rate of approximately 92.2% in 2012 as compared to 84.8% in the previous year. Average room rate was approximately JPY 194,668 per month in the first six months of 2012, as compared to JPY 198,074 in the previous year.

## Canada

**Sheraton Ottawa Hotel** For the first half of the year, the hotel reported an occupancy rate of approximately 71.5% in 2012 as compared to 71.1% in the previous year. Average room rate was approximately C\$169 in the first six months of 2012, as compared to C\$147 in the previous year.

**DoubleTree International Plaza Hotel** For the first half of the year, the hotel reported an occupancy rate of approximately 71.2% in 2012 as compared to 72.3% in the previous year. Average room rate was approximately C\$111 in the first six months of 2012, as compared to C\$109 in the previous year.

## FINANCIAL REVIEW

The Group's turnover was HK\$733.2 million for the first six months of 2012, an increase of 31.2% over the corresponding period in 2011. The increase was primarily attributable to the combined effect of the increase in sales of properties held for sale situated in Macau and the half year results of the operation of Best Western Hotel Fino Osaka Shinsaibashi in Japan, which was acquired in September 2011.

Revenue from hotel operations amounted to HK\$555.4 million, an increase of 6.5% as compared to HK\$521.3 million in the corresponding period in 2011. This increase was primarily attributable to the combined effect of the overall improvement in average room rates and occupancy rates for hotels and the half year results of the operation of Best Western Hotel Fino Osaka Shinsaibashi in Japan.

The Group's operating profit was HK\$268.8 million for the period ended 30 June 2012, as compared to HK\$155.8 million in 2011. Profit attributable to equity shareholders of HK\$200.1 million was reported as compared to HK\$99.8 million in 2011.

At 30 June 2012, the Group had total bank loans and other borrowings of HK\$1,021.3 million (31 December 2011: HK\$1,066.6 million) and deposits and cash of HK\$1,705.6 million (31 December 2011: HK\$1,664.9 million). Of the total bank loans of HK\$878.6 million (31 December 2011: HK\$924.3 million), HK\$309.4 million (31 December 2011: HK\$331.0 million) are repayable within one year, HK\$308.4 million (31 December 2011: HK\$325.1 million) are repayable after one year but within two years and the remaining of HK\$260.8 million (31 December 2011: HK\$268.2 million) are repayable after two years but within five years.

The Group's bank borrowings are mostly in Hong Kong dollars, United States dollars and Japanese Yen. Bank deposits and cash are mostly in Hong Kong dollars, Australian dollars, Canadian dollars, United States dollars and Renminbi. The Group's bank borrowings are on floating rate and fixed rate basis. Taking into account of the cash at bank and in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

## PLEDGE OF ASSETS

At 30 June 2012, a hotel property, certain investment properties and properties held for sale with an aggregate value of HK\$1,205.3 million (31 December 2011: HK\$1,242.3 million), bank deposits of HK\$501.0 million (31 December 2011: HK\$542.4 million) and equity securities with fair value of HK\$1.8 million (31 December 2011: HK\$2.1 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

## CONTINGENT LIABILITIES

At 30 June 2012, 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\$8.2 million (31 December 2011: HK\$8.2 million).

At 30 June 2012, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$38.1 million (31 December 2011: HK\$37.9 million).

A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the Directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision for these claims has been made in the interim financial statements.

## PROSPECTS

On a global basis during the first half of 2012, both the economic and business environments have been burdened with a high degree of uncertainty emanating from the European sovereign debt crises. Recovery in the US can at best be described as slow, narrowly-based and uneven across the different sectors of the US economy. Even the Chinese economy, which is still export-driven and relies heavily on foreign direct investment, is exhibiting signs of weakness. The Group has reported good results in the first half of the year primarily on the basis of strong property sales in Macau, a market which remains relatively unaffected by global events. A high degree of uncertainty for the world economy and global financial markets is still expected in the second half of 2012.

Against this background, however, the Group intends to maintain its policy of seeking investments which offer long term value.

## PERSONNEL

At 30 June 2012, the Group had approximately 1,799 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in different countries in which the Company and its subsidiaries operate.

## **CORPORATE GOVERNANCE**

The 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.

The Corporate Governance Code (the “New Code”), issued by The Stock Exchange of Hong Kong Limited in October 2011, is the new edition of the Code on Corporate Governance Practices (the “Former Code”), and is applicable to financial reports covering an accounting period which ends after 1 April 2012.

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 New Code and Former Code, 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. In compliance with Listing Rules, a Nomination Committee has been established.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Board of the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries of all Directors who have confirmed compliance with the required standards set out in the Model Code during the period under review.

## **AUDIT COMMITTEE**

The Audit Committee presently comprises 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 2012.

## **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. In compliance with Listing Rules, the Remuneration Committee is now chaired by an independent non-executive director.

## **NOMINATION COMMITTEE**

During the period, a Nomination Committee has been formed. The Committee is chaired by an independent non-executive director and comprises five members, three of whom are independent non-executive directors. The Committee will give recommendations to the Directors as to the recruitment of directors. Its terms of reference has been published on the Company's website.

## **BOOK CLOSE**

The register of members will be closed from Friday, 5 October 2012 to Wednesday, 10 October 2012, 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 Thursday, 4 October 2012.

## **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 2012.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2012 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 <sup>(1)</sup>	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	276,480	197,556,320 <sup>(2)</sup>	197,832,800	58.15
	Ho Kian Hock	480	197,556,320 <sup>(2)</sup>	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 <sup>(3)</sup>	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 <sup>(4)</sup>	32,410,774	99.70
	Ho Kian Hock	-	32,410,774 <sup>(4)</sup>	32,410,774	99.70
	Ho Kian Cheong	96,525	-	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	-	83,052 <sup>(5)</sup>	83,052	83.05
	Ho Kian Hock	-	83,052 <sup>(5)</sup>	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 <sup>(6)</sup>	13,163,880	80.76
	Ho Kian Hock	-	13,163,880 <sup>(6)</sup>	13,163,880	80.76
	Ho Kian Cheong	1,017,120	-	1,017,120	6.24
	Kwok Chi Shun Arthur	-	489,000 <sup>(7)</sup>	489,000	3.00
Golden Crown Development Ltd - common shares	Ho Kian Guan	-	56,675,000 <sup>(8)</sup>	56,675,000	80.96
	Ho Kian Hock	-	56,675,000 <sup>(8)</sup>	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 <sup>(9)</sup>	100,000	100.00
	Ho Kian Hock	-	100,000 <sup>(9)</sup>	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	-	4,305 <sup>(10)</sup>	4,305	43.05
	Ho Kian Hock	-	4,305 <sup>(10)</sup>	4,305	43.05
	Ho Kian Cheong	195	-	195	1.95
	Kwok Chi Shun Arthur	-	5,500 <sup>(11)</sup>	5,500	55.00
KSF Enterprises Sdn Bhd - ordinary shares	Ho Kian Guan	-	9,010,000 <sup>(12)</sup>	9,010,000	100.00
	Ho Kian Hock	-	9,010,000 <sup>(12)</sup>	9,010,000	100.00
KSF Enterprises Sdn Bhd - preferred shares	Ho Kian Guan	-	24,000,000 <sup>(13)</sup>	24,000,000	100.00
	Ho Kian Hock	-	24,000,000 <sup>(13)</sup>	24,000,000	100.00
Chateau Ottawa Hotel Inc - common shares	Ho Kian Guan	-	4,950,000 <sup>(14)</sup>	4,950,000	55.00
	Ho Kian Hock	-	4,950,000 <sup>(14)</sup>	4,950,000	55.00
Chateau Ottawa Hotel Inc - preferred shares	Ho Kian Guan	-	1,485,000 <sup>(15)</sup>	1,485,000	55.00
	Ho Kian Hock	-	1,485,000 <sup>(15)</sup>	1,485,000	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 AKAA 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 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 4,505,001 ordinary shares (50%) 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 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (14) 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.
- (15) This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 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 2012, 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 2012, 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:*

<b>Name</b>	<b>Capacity in which shares were held</b>	<b>Number of ordinary shares held</b>	<b>% of total issued share capital of the Company</b>
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 2012, 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 August 2012



## 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 12 to 30 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2012 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2012 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

24 August 2012

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>Turnover</b>	3	<b>733,296</b>	558,669
Cost of sales		<b>(99,670)</b>	(83,189)
		<b>633,626</b>	475,480
Other revenue	4(a)	<b>16,848</b>	13,380
Other net income	4(b)	<b>8,534</b>	15,056
Direct costs and operating expenses		<b>(211,631)</b>	(164,176)
Marketing and selling expenses		<b>(28,286)</b>	(30,725)
Depreciation of fixed assets		<b>(48,524)</b>	(41,574)
Administrative and other operating expenses		<b>(101,699)</b>	(111,632)
<b>Operating profit</b>		<b>268,868</b>	155,809
Increase in fair value of investment properties	9	<b>40,358</b>	21,890
		<b>309,226</b>	177,699
Finance costs	5(a)	<b>(6,643)</b>	(4,840)
Share of profits less losses of associates		<b>10,817</b>	10,773
<b>Profit before taxation</b>	5	<b>313,400</b>	183,632
Income tax	6	<b>(47,856)</b>	(58,690)
<b>Profit for the period</b>		<b>265,544</b>	124,942
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>200,106</b>	99,871
Non-controlling interests		<b>65,438</b>	25,071
<b>Profit for the period</b>		<b>265,544</b>	124,942
<b>Earnings per share, basic and diluted (cents)</b>	8	<b>58.8</b>	29.4

Details of dividends payable to equity shareholders of the Company are set out in note 7.

The notes on pages 18 to 30 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>265,544</b>	124,942
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	<b>(14,179)</b>	6,520
Interest-free loans from non-controlling shareholders:		
– net movement in other reserves	–	(2,078)
Available-for-sale securities:		
– changes in fair value recognised during the period	<b>47</b>	98
	<b>(14,132)</b>	4,540
<b>Total comprehensive income for the period</b>	<b>251,412</b>	129,482
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>186,557</b>	102,917
Non-controlling interests	<b>64,855</b>	26,565
<b>Total comprehensive income for the period</b>	<b>251,412</b>	129,482

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

The notes on pages 18 to 30 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		(Unaudited) At 30 June 2012 HK\$'000	(Audited) At 31 December 2011 HK\$'000
	Note		
<b>Non-current assets</b>			
Fixed assets	9		
– Investment properties		<b>849,736</b>	823,240
– Other properties and fixed assets		<b>1,228,843</b>	1,247,346
– Interests in leasehold land held for own use under operating lease		<b>244,896</b>	248,950
		<b>2,323,475</b>	2,319,536
Interest in associates		<b>201,121</b>	189,231
Available-for-sale securities		<b>5,052</b>	5,005
		<b>2,529,648</b>	2,513,772
<b>Current assets</b>			
Trading securities		<b>1,894</b>	2,132
Properties held for sale		<b>283,741</b>	303,384
Inventories		<b>4,482</b>	4,833
Trade and other receivables	10	<b>104,506</b>	55,081
Derivative financial assets		–	1,408
Pledged deposits	11(a)	<b>501,045</b>	542,416
Deposits and cash	11(b)	<b>1,204,626</b>	1,122,512
Taxation recoverable		<b>6,092</b>	6,092
		<b>2,106,386</b>	2,037,858
<b>Current liabilities</b>			
Bank loans	12	<b>309,465</b>	331,024
Trade and other payables	13	<b>232,060</b>	230,381
Loans from associates		<b>464</b>	464
Loans from non-controlling shareholders	14	<b>34,222</b>	34,617
Amount due to an affiliated company	17(c)	<b>17,953</b>	19,499
Taxation payable		<b>44,454</b>	102,585
		<b>638,618</b>	718,570
<b>Net current assets</b>		<b>1,467,768</b>	1,319,288
<b>Total assets less current liabilities</b>		<b>3,997,416</b>	3,833,060

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

		(Unaudited) At 30 June 2012 HK\$'000	(Audited) At 31 December 2011 HK\$'000
	Note		
<b>Non-current liabilities</b>			
Bank loans	12	<b>569,222</b>	593,332
Loans from non-controlling shareholders	14	<b>43,834</b>	42,713
Loan from an affiliated company	17(c)	<b>46,155</b>	44,958
Deferred tax liabilities		<b>77,088</b>	69,792
		<b>736,299</b>	750,795
<hr/>			
<b>NET ASSETS</b>		<b>3,261,117</b>	3,082,265
<hr/>			
<b>Capital and reserves</b>			
Share capital		<b>340,200</b>	340,200
Reserves		<b>2,417,627</b>	2,267,667
<hr/>			
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,757,827</b>	2,607,867
Non-controlling interests		<b>503,290</b>	474,398
<hr/>			
<b>TOTAL EQUITY</b>		<b>3,261,117</b>	3,082,265

The notes on pages 18 to 30 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six months ended 30 June 2012

	Attributable to equity shareholders of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
<b>At 1 January 2011</b>	340,200	158,105	12,758	89,481	4,447	23,486	1,884,911	2,513,388	504,635	3,018,023
Profit for the period	-	-	-	-	-	-	99,871	99,871	25,071	124,942
Other comprehensive income	-	-	-	5,026	98	(2,078)	-	3,046	1,494	4,540
Total comprehensive income for the period	-	-	-	5,026	98	(2,078)	99,871	102,917	26,565	129,482
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(59,535)	(59,535)	-	(59,535)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(48,114)	(48,114)
<b>At 30 June 2011</b>	340,200	158,105	12,758	94,507	4,545	21,408	1,925,247	2,556,770	483,086	3,039,856
<b>At 1 January 2012</b>	<b>340,200</b>	<b>158,105</b>	<b>12,758</b>	<b>107,419</b>	<b>4,414</b>	<b>18,826</b>	<b>1,966,145</b>	<b>2,607,867</b>	<b>474,398</b>	<b>3,082,265</b>
Profit for the period	-	-	-	-	-	-	200,106	200,106	65,438	265,544
Other comprehensive income	-	-	-	(13,596)	47	-	-	(13,549)	(583)	(14,132)
Total comprehensive income for the period	-	-	-	(13,596)	47	-	200,106	186,557	64,855	251,412
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(34,020)	(34,020)	-	(34,020)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(41,404)	(41,404)
Others	-	-	-	-	-	(2,577)	-	(2,577)	5,441	2,864
<b>At 30 June 2012</b>	<b>340,200</b>	<b>158,105</b>	<b>12,758</b>	<b>93,823</b>	<b>4,461</b>	<b>16,249</b>	<b>2,132,231</b>	<b>2,757,827</b>	<b>503,290</b>	<b>3,261,117</b>

The notes on pages 18 to 30 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>Net cash generated from operating activities</b>		<b>161,202</b>	147,820
<b>Net cash (used in)/generated from investing activities</b>		<b>(63,700)</b>	82,264
<b>Net cash used in financing activities</b>		<b>(107,864)</b>	(139,889)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(10,362)</b>	90,195
<b>Cash and cash equivalents at 1 January</b>	11(c)	<b>893,173</b>	1,024,747
<b>Effect of foreign exchanges rate changes</b>		<b>332</b>	22,700
<b>Cash and cash equivalents at 30 June</b>	11(c)	<b>883,143</b>	1,137,642

The notes on pages 18 to 30 form part of this interim financial report.

## NOTES ON 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”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 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 2011 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 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.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report 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 2011 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2012.

### 2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. These include the amendments to HKAS 12, *Income taxes – Deferred tax: recovery of underlying assets*, which the Group has already adopted in the prior period. None of the other developments are relevant to the Group’s financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Segmental reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following four 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 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.
- (ii) 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 and residential properties in Japan.
- (iii) Property development segment is primarily engaged in the businesses of development, construction, sales and marketing of the Group's trading properties in Macau.
- (iv) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

#### ***Segment results and assets***

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

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

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

## 3. Segmental reporting (continued)

## Analysis of segment results of the Group

	External turnover	Inter- segment turnover	Total turnover	Depreciation of fixed assets	Finance costs	Share of results of associates	Income tax	Contribution to profit
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended								
30 June 2012								
Hotel operations	555,484	-	555,484	(43,724)	(3,670)	10,817	(24,040)	103,929
- Vietnam	315,087	-	315,087	(18,205)	-	5,891	(14,841)	86,143
- United States	191,781	-	191,781	(14,610)	(3,670)	-	(8,870)	13,264
- The People's Republic of China	31,611	-	31,611	(6,520)	-	-	-	(1,704)
- Canada	-	-	-	-	-	4,926	-	4,926
- Japan	17,005	-	17,005	(4,389)	-	-	(329)	1,300
Property development	127,397	-	127,397	-	-	-	(12,604)	95,150
- Macau	127,397	-	127,397	-	-	-	(12,604)	95,150
Property investment	48,967	739	49,706	(4,754)	(2,300)	-	(11,101)	50,586
- Macau (note (i))	33,131	739	33,870	(4,754)	(5)	-	(7,591)	45,513
- Japan	15,836	-	15,836	-	(2,295)	-	(3,510)	5,073
Investment and corporate	1,448	-	1,448	(46)	(673)	-	(111)	15,879
- Macau	-	-	-	-	-	-	-	(217)
- Others (note (ii))	1,448	-	1,448	(46)	(673)	-	(111)	16,096
Inter-segment elimination	-	(739)	(739)	-	-	-	-	-
<b>Total</b>	<b>733,296</b>	<b>-</b>	<b>733,296</b>	<b>(48,524)</b>	<b>(6,643)</b>	<b>10,817</b>	<b>(47,856)</b>	<b>265,544</b>

For the six months ended  
30 June 2011

Hotel operations	521,340	-	521,340	(36,824)	(3,925)	10,781	(54,295)	81,921
- Vietnam	304,382	-	304,382	(17,427)	-	7,633	(45,463)	52,285
- United States	183,079	-	183,079	(12,614)	(3,925)	-	(7,560)	18,406
- The People's Republic of China	33,879	-	33,879	(6,783)	-	-	(1,272)	8,057
- Canada	-	-	-	-	-	3,148	-	3,173
Property investment	35,980	681	36,661	(4,708)	(13)	-	(4,309)	31,955
- Macau (note (i))	20,873	681	21,554	(4,708)	(13)	-	(2,463)	24,573
- Japan	15,107	-	15,107	-	-	-	(1,846)	7,382
Investment and corporate	1,349	-	1,349	(42)	(902)	(8)	(86)	11,066
- Macau	-	-	-	-	-	(8)	-	(290)
- Others (note (ii))	1,349	-	1,349	(42)	(902)	-	(86)	11,356
Inter-segment elimination	-	(681)	(681)	-	-	-	-	-
<b>Total</b>	<b>558,669</b>	<b>-</b>	<b>558,669</b>	<b>(41,574)</b>	<b>(4,840)</b>	<b>10,773</b>	<b>(58,690)</b>	<b>124,942</b>

Notes:

- (i) Included in contribution to profit is increase of HK\$40,358,000 (2011: HK\$21,890,000) in fair value of investment properties.
- (ii) Included in contribution to profit is net exchange gain of HK\$9,397,000 (2011: HK\$10,700,000).

### 3. Segmental reporting (continued)

#### Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
<b>At 30 June 2012</b>			
Hotel operations			
– Vietnam	458,687	102,854	561,541
– United States	741,955	–	741,955
– The People's Republic of China	234,460	–	234,460
– Canada	–	94,126	94,126
– Japan	176,318	–	176,318
Property development	336,145	–	336,145
Property investment			
– Macau	814,861	–	814,861
– Japan	485,946	–	485,946
Investment and corporate	1,186,541	4,141	1,190,682
<b>Total</b>	<b>4,434,913</b>	<b>201,121</b>	<b>4,636,034</b>

#### At 31 December 2011

Hotel operations			
– Vietnam	517,245	96,963	614,208
– United States	732,532	–	732,532
– The People's Republic of China	233,417	–	233,417
– Canada	–	88,124	88,124
– Japan	179,753	–	179,753
Property development	304,157	–	304,157
Property investment			
– Macau	701,535	–	701,535
– Japan	500,731	–	500,731
Investment and corporate	1,193,029	4,144	1,197,173
<b>Total</b>	<b>4,362,399</b>	<b>189,231</b>	<b>4,551,630</b>

### 4. Other revenue and net income

#### (a) Other revenue

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interest income from bank deposits	14,750	10,544
Dividend income from listed available-for-sale and trading securities	158	130
Other revenue from hotel and club operations and miscellaneous income	1,940	2,706
	<b>16,848</b>	<b>13,380</b>

**4. Other revenue and net income** *(continued)***(b) Other net income**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Net exchange gain	<b>8,702</b>	14,667
Net realised and unrealised (losses)/gains on trading securities	<b>(238)</b>	366
Others	<b>70</b>	23
	<b>8,534</b>	15,056

**5. Profit before taxation**

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
<b>(a) Finance costs</b>		
Interest on bank loans and other borrowings wholly repayable within five years	<b>6,638</b>	4,833
Interest paid on amount due to an affiliated company	<b>5</b>	7
	<b>6,643</b>	4,840
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	<b>129,096</b>	110,857
Contributions to defined contribution retirement plans	<b>1,254</b>	2,975
	<b>130,350</b>	113,832
<b>(c) Other items</b>		
Cost of properties sold	<b>19,644</b>	–
Cost of inventories	<b>40,969</b>	36,533
Rentals receivable from investment properties less direct outgoings of HK\$5,733,000 (2011: HK\$7,381,000)	<b>(37,455)</b>	(23,224)
Other rental income less direct outgoings	<b>(1,381)</b>	(1,344)

## 6. Income tax

Taxation in the consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
<b>Current tax – Overseas</b>		
Provision for the period	<b>40,722</b>	20,853
Under provision in respect of prior year (note (vii))	–	34,832
	<b>40,722</b>	55,685
<b>Deferred taxation</b>		
Change in fair value of investment properties	<b>5,033</b>	2,222
Withholding tax on the distributable profits (note (vi))	<b>1,260</b>	1,846
Origination and reversal of other temporary differences	<b>841</b>	(1,063)
	<b>7,134</b>	3,005
	<b>47,856</b>	58,690

Notes:

- (i) 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 for the six months ended 30 June 2012 and 30 June 2011.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (iii) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 15% (2011: 15%) of the estimated taxable profits for the period. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation in 2003 and at a rate of 25% on taxable income thereafter.
- (iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2011: 25%) of the estimated taxable profits for the period. For the six months ended 30 June 2012 and 30 June 2011, no provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purpose for both periods.

With effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 5% to 10% on various types of passive income such as dividend derived from sources in the PRC. Distributions of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

**6. Income tax (continued)**

Notes: (continued)

- (v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiary operating in the United States are calculated at a rate of 34% (2011: 34%) and 8.84% (2011: 8.84%) respectively determined by income ranges.
- (vi) Under the Japanese domestic law, the subsidiaries established in Japan under the Tokumei-Kumiai arrangement are subject to Japanese withholding tax at the rate of 20% (2011: 20%) on all gross profit distributions from the subsidiaries.
- (vii) A subsidiary of the Group is in discussion with the local tax authority in Vietnam in respect of the tax enquiries relating to the tax provision payable on slot machine operation and management fees. Provisions have been made only to the extent that the tax risk can be reliably measured. An additional provision of HK\$34,832,000 was made as part of the under-provision for income tax for the six months ended 30 June 2011. The final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provision.
- (viii) Share of associates' tax for the six months ended 30 June 2012 of HK\$4,430,000 (2011: HK\$4,706,000) 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:

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend declared after the interim period of HK\$0.03 (2011: HK\$0.025) per ordinary share	<b>10,206</b>	8,505

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

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.10 (2011: HK\$0.175) per ordinary share	<b>34,020</b>	59,535

## 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\$200,106,000 (2011: HK\$99,871,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2012 and 30 June 2011.

There is no potential diluted ordinary share during the six months ended 30 June 2012 and 30 June 2011.

## 9. Fixed assets

The Group's investment properties in Macau were revalued by Infinity Property Development and Planning Limited and those in Japan by AS Management Co., Ltd, who were independent firms of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, at 30 June 2012, on a market value basis, after taking into consideration of the net income of the respective properties allowing for reversionary income potential.

The Group recorded an increase in fair value of investment properties of HK\$40,358,000 (2011: HK\$21,890,000) for the six-month period ended 30 June 2012.

## 10. Trade and other receivables

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

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Current or less than one month	<b>61,703</b>	18,252
One to three months	<b>20,697</b>	10,573
More than three months but less than twelve months	<b>103</b>	5
	<b>82,503</b>	28,830

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

**11. Pledged deposits and deposits and cash****(a) Pledged deposits:**

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Pledged deposits		
– Maturity less than three months	<b>173,707</b>	133,748
– Maturity more than three months	<b>327,338</b>	408,668
	<b>501,045</b>	542,416

**(b) Deposits and cash:**

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Deposits with banks and other financial institutions	<b>1,043,061</b>	974,939
Cash at bank	<b>161,565</b>	147,573
	<b>1,204,626</b>	1,122,512

**(c) Cash and cash equivalents in the condensed consolidated cash flow statement:**

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Deposits with maturity less than three months		
– Pledged	<b>173,707</b>	133,748
– Not pledged	<b>547,871</b>	611,852
	<b>721,578</b>	745,600
Cash at bank	<b>161,565</b>	147,573
	<b>883,143</b>	893,173

## 12. Bank loans

- (a) At 30 June 2012, the bank loans were repayable as follows:

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Within one year or on demand	<b>309,465</b>	331,024
After one year but within two years	<b>308,381</b>	325,075
After two years but within five years	<b>260,841</b>	268,257
	<b>569,222</b>	593,332
	<b>878,687</b>	924,356

At 30 June 2012, the bank loans were secured as follows:

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Bank loans		
– unsecured	<b>28,850</b>	40,756
– secured	<b>849,837</b>	883,600
	<b>878,687</b>	924,356

- (b) At 30 June 2012, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:
- (i) land and building on Taipa Island classified as properties held for sale with a carrying value of HK\$66,918,000 (31 December 2011: HK\$85,424,000),
  - (ii) hotel property and investment properties of the Group with aggregate carrying value of HK\$1,138,400,000 (31 December 2011: HK\$1,156,961,000),
  - (iii) bank deposits of HK\$501,045,000 (31 December 2011: HK\$542,416,000), and
  - (iv) equity securities with fair value of HK\$1,894,000 (31 December 2011: HK\$2,132,000).

Such banking facilities amounted to HK\$1,625,292,000 (31 December 2011: HK\$1,573,586,000) and were utilised to the extent of HK\$849,837,000 (31 December 2011: HK\$883,600,000).

**13. Trade and other payables**

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

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Due within one month or on demand	<b>19,216</b>	17,578
Due after one month but within three months	<b>7,499</b>	7,750
Due after three months	<b>58,574</b>	56,337
	<b>85,289</b>	81,665

**14. Loans from non-controlling shareholders**

At 30 June 2012, loans from non-controlling shareholders are unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$51,715,000 (before the effect of discounting in the amount of HK\$7,881,000) (31 December 2011: nominal value of HK\$51,885,000 (before the effect of discounting in the amount of HK\$9,172,000) which are repayable on 30 April 2015 and classified as non-current liabilities.

**15. Commitments**

At 30 June 2012, capital commitments outstanding not provided for in the interim financial report are as follows:

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Contracted for	<b>36,544</b>	52,862
Authorised but not contracted for	<b>25,833</b>	20,972
	<b>62,377</b>	73,834

**16. Contingent liabilities**

- (a) At 30 June 2012, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2011: HK\$8,252,000).
- (b) At 30 June 2012, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$38,130,000 (C\$5,000,000) (31 December 2011: HK\$37,989,000 (C\$5,000,000)).

As 30 June 2012, 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.

**16. Contingent liabilities** (continued)

- (c) A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the Directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision for these claims has been made in the financial statements.

**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"), Garin Services Limited ("Garin") and Mr Ho Kian Cheong ("KC Ho"). KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2012.

Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2012. Garin is a company controlled by Mr Ho Kian Guan who is the executive director of the Company. 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.

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>(a) Transactions with Goodland</b>			
Proceeds from the sale of properties	(i)	19,625	–
Rental income receivable	(ii)	502	372
Management fee payable	(iii)	1,602	1,602
Interest expense payable	(v)	5	7
<b>(b) Transactions with Garin</b>			
Proceeds from the sale of properties	(i)	19,625	–
		<b>At 30 June</b>	At 31 December
		2012	2011
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(c) Balances with Goodland</b>			
Loan from Goodland	(iv)	46,155	44,958
Amount due to Goodland	(v)	17,953	19,499
Sale proceeds receivable	(i)	13,738	–
<b>(d) Balance with Garin</b>			
Sale proceeds receivable	(i)	13,738	–
<b>(e) Balances with KC Ho</b>			
Loan from KC Ho	(vi)	11,180	10,890
Amount due to KC Ho	(vii)	4,055	4,060

**17. Material related party transactions** (continued)

Notes:

- (i) A subsidiary of the Company sold certain of its properties to Goodland and Garin and the sale proceeds was amounted to HK\$19,625,000 and HK\$19,625,000 respectively for the six months ended 30 June 2012 (2011: HK\$Nil). At 30 June 2012, the sale proceeds receivable from Goodland and Garin were amounted to HK\$13,737,500 and HK\$13,737,500 respectively (31 December 2011: HK\$Nil).
- (ii) A subsidiary of the Company rented certain of its properties to Goodland and received rental income amounted to HK\$502,000 for the six months ended 30 June 2012 (2011: HK\$372,000).
- (iii) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK\$1,602,000 for the six months ended 30 June 2012 (2011: HK\$1,602,000).
- (iv) At 30 June 2012, loan from Goodland with nominal value of HK\$54,454,000 (31 December 2011: HK\$54,612,000) before the effect of discounting in the amount of HK\$8,299,000 (31 December 2011: HK\$9,654,000) was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.
- (v) At 30 June 2012, the amount due to Goodland of HK\$17,953,000 (31 December 2011: HK\$19,499,000) comprises of:
  - interest bearing accounts with certain subsidiaries of the Company amounted to HK\$1,583,000 (31 December 2011: HK\$2,089,000). Interest payable by the subsidiaries amounted to HK\$5,000 for the six months ended 30 June 2012 (2011: HK\$7,000).
  - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,370,000 (31 December 2011: HK\$17,410,000).
- (vi) At 30 June 2012, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK\$13,190,000 (31 December 2011: HK\$13,229,000) before the effect of discounting in the amount of the HK\$2,010,000 (31 December 2011: HK\$2,339,000) which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.
- (vii) Amount due to KC Ho represents non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.