



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

Stock Code : 0184

INTERIM REPORT 2013 INTERIM REPORT 2013



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 Kian Cheung
 ** CHAN Yau Hing Robin
 ** KWOK Chi Shun Arthur
 ** WANG Poey Foon Angela
 ** YU Hon To David
 HO Chung Kain (Alternate to HO Chung Hui)

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

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
 KWOK Chi Shun Arthur
 WANG Poey Foon Angela
 YU Hon To David

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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

COMPANY SECRETARY

NG Sing Beng

REGISTERED OFFICE

Room 2902 West Tower
 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 2013. 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 12.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2013 was HK\$146,391,000, (HK\$0.430 per share), compared to HK\$200,106,000 (HK\$0.588 per share) for the first six months of 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 2013, rental of the Group's properties continues to be robust as a result of increasing economic activity in Macau brought about by increasing tourist arrivals as well as brisk pace of investments in construction and development of hotels and gaming facilities.

Rental income for the first six months of the year was HK\$33.2 million as compared to HK\$33.1 million of the same period in 2012.

There were no sales of residential properties by the Group in Macau during the first six months of 2013.

Vietnam

During the first six months of 2013, turnover in Vietnam fell to HK\$294.8 million, a drop of 6.4% as compared to the same period in 2012. This is in line with the lackluster performance of the Vietnamese economy, with recent statistics showing that the country is experiencing mild deflation as well as expecting a GDP growth rate of around 5% as compared to the target of 5.5% set by the Vietnamese Government. Tight credit imposed by the banks also hampers business confidence in the short term.

Sheraton Saigon Hotel and Grand Towers For the first half of 2013, the hotel reported an occupancy rate of approximately 72% as compared to 69% in the same period in 2012. Average room rate was approximately US\$161 in the first six month of 2013, as compared to US\$168 in the same period in 2012.

Caravelle Hotel For the first half of the year, the hotel reported an occupancy rate of approximately 67% as compared to 65% in the same period in 2012. Average room rate was approximately US\$132 in the first six months of 2013, as compared to US\$143 in the same period in 2012.

US

W San Francisco The US economy continues to strengthen in the first half of 2013 in response to monetary easing. The San Francisco Bay Area, in particular, remains one of the fastest-growing areas in California and the entire US.

During the first half of 2013, occupancy rate at W San Francisco rose to 87% as compared to 82% in the same period in 2012. Average room rate increase to approximately US\$293, as compared to US\$272 in the same period in 2012.

PRC

Holiday Inn Wuhan Riverside

China's GDP grew by 7.6% in real terms in the first half of the year, 0.2% lower than that of the corresponding period of last year.

For the first half of the year, the hotel reported an occupancy rate of approximately 61%, as compared to 64% in the same period in 2012. Average room rate rose to approximately Rmb445, as compared to Rmb422 in the same period in 2012.

Japan

Best Western Hotel Fino Osaka Shinsaibashi

Japan's economy grew at the fastest pace among Group of Seven countries in the first half of 2013, with solid growth in consumer spending and exports.

For the first half of the year, occupancy rate has increased to approximately 86%, as compared to 77% in the same period in 2012. Average room rate was approximately JPY6,828 in the first six months of 2013, as compared to JPY6,382 in the same period in 2012.

Canada

Sheraton Ottawa Hotel For the first half of the year, the hotel reported an occupancy rate of approximately 69%, as compared to 72% in 2012. Average room rate was approximately C\$167, as compared to C\$169 in the same period in 2012.

DoubleTree International Plaza Hotel For the first half of the year, the hotel reported an occupancy rate of approximately 68%, as compared to 71% in 2012. Average room rate was approximately C\$109, as compared to C\$111 in the same period in 2012.

FINANCIAL REVIEW

The Group's turnover was HK\$596.5 million for the first six months of 2013, a decrease of 18.6% over the corresponding period in 2012. The decrease was primarily attributable to the decrease in sales of properties held for sale situated in Macau in the first half of 2013 and the effect of the decrease in rental income after the disposal of residential properties in Japan in September 2012.

Revenue from hotel operations amounted to HK\$560.8 million, a slight increase of 0.9% as compared to HK\$555.4 million in the corresponding period in 2012. This increase was primarily attributable to the combined effects of improvement in average room rates and occupancy rates for W Hotel in the United States, which offset by the decreased slot machine income from Sheraton Hotel in Vietnam.

The Group's operating profit was HK\$166.9 million for the period ended 30 June 2013, as compared to HK\$268.8 million in 2012. Profit attributable to equity shareholders of HK\$146.3 million was reported as compared to HK\$200.1 million in 2012.

At 30 June 2013, the Group had total bank loans and other borrowings of HK\$330.0 million (31 December 2012: HK\$383.1 million) and deposits and cash of HK\$1,889.2 million (31 December 2012: HK\$1,846.2 million). All the bank loans at 30 June 2013 and 31 December 2012 are repayable within one year or on demand.

The Group's bank borrowings are denominated in United States dollars and Japanese Yen. Bank deposits and cash are mostly in Hong Kong dollars, Singapore dollars, United States dollars and Malaysian Ringgit. 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 2013, a hotel property and properties held for sale with an aggregate value of HK\$712.4 million (31 December 2012: HK\$728.1 million), bank deposits of HK\$114.1 million (31 December 2012: HK\$307.3 million) and equity securities with fair value of HK\$1.3 million (31 December 2012: HK\$1.9 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2013, 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 amounting to HK\$8.2 million (31 December 2012: HK\$8.2 million).

At 30 June 2013, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$36.8 million (31 December 2012: HK\$38.9 million).

A subsidiary of the Group, Ocean Place Joint Venture Company Limited ("OPJV"), is the defendant in litigation arising from its club operations in Vietnam. The plaintiff, a patron of the hotel's club, claimed winnings from a gaming machine in the club in the amount of approximately US\$55.5 million (equivalent to HK\$431 million) plus interest, and filed a lawsuit against OPJV in 2010.

On 7 January 2013, The People's Court of District 1, Ho Chi Minh City (the "Lower Court") made a ruling against OPJV in the amount of approximately US\$55.5 million plus court fees (the "Judgement").

On 21 January 2013, OPJV lodged an appeal to seek reversal of the Judgement (the "Appeal") on the basis that it was not made in compliance with applicable laws. The Appeal has since been accepted for consideration by The People's Court of Ho Chi Minh City. OPJV is currently taking the necessary steps to start the appellate proceedings to seek reversal of the Judgement.

As the outcome of these court proceedings is still uncertain, the directors have taken into account all available evidence, including the opinion of legal experts, in determining whether a present obligation exists in respect of this claim at the end of the reporting period. Based on legal advice received, the directors understand that OPJV has strong grounds for appeal. In particular the directors took into account that the Judgement amount exceeded the gaming machine's maximum payout (of approximately US\$46,000), that the club's rules state that any machine malfunction voids all pays and plays, and that the opinion of legal experts is that the plaintiff lacks sufficient legal basis and evidence to prove his alleged winning. On the basis of such evidence, the directors consider that at the end of the reporting period OPJV does not have a present obligation to pay the plaintiff. Accordingly, no provision for this matter has been made in the financial statements.

PROSPECTS

Whilst the US economy is steadily recovering with gradual improvements in consumer confidence, job market prospects as well as housing sector, the growth is still at a low rate and insufficient for US to return to a position of being able to drive the global economy. The European economy continues to be a worry. The adjustment process in the Chinese economy is continuing; its short term prospects therefore will remain clouded, although the general consensus is that the long-term growth trajectory of the Chinese economy remains intact.

Macau, however, will continue to progress at a fast rate.

The above factors will continue to influence the Group's operations in the various geographical locations in the second half of 2013.

Against this background, the Group will continue to be cautious in seeking out new investment prospects, and will remain committed to the objective of sourcing investments that will add value in the long run.

PERSONNEL

At 30 June 2013, the Group had approximately 1,801 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles, code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has complied with the principles set out in the CG Code during the period from 1 January to 30 June 2013, save and except for the deviations as explained below.

1. Code Provision A.2.1, as the role of chairman and chief executive officer of the Company is not segregated;
2. Code Provision A.2.7, as the chairman did not hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present;
3. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term;

4. Code Provision D.1.2, as the Company did not formalize functions reserved to the Board and those delegated to management and did not conduct review periodically;
5. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the Board and management;
6. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and
7. Code Provision E.1.4, as the Board did not establish a shareholders' communication policy and review it on a regular basis.

Pursuant to Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

Under Code Provision A.2.7, the Chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of executive directors. During the first six months of 2013, the Chairman did not hold such meetings with the non-executive directors. However, the Chairman has effective communication with the non-executive directors from time to time.

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the non-executive directors of the Company were not appointed for a specific term, all directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a director will not exceed three years.

Pursuant to Code Provisions D.1.2, D.1.3 and D.1.4, the Company should formalise functions reserved to the Board and those delegated to management and should conduct review periodically. The Company should disclose the respective responsibilities, accountabilities and contributions of the Board and management. The Company should also have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As the executive directors have been closely involved in the day-to-day management of the Company and its major subsidiaries, the Company considers that it is not necessary at this time to have a distinction between the respective responsibilities, accountabilities and contributions of the Board and management. The Company is now planning to have formal letters of appointment for directors.

Under Code Provision E.1.4, the Board should establish a shareholders' communication policy and review it on a regular basis. The Company is now planning to set up the relevant policy in order to comply with the Code.

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee presently comprises four independent non-executive directors. The Audit Committee meets with the Group’s senior management, internal and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports, including the Group’s unaudited consolidated financial statement for the six months ended 30 June 2013.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

BOOK CLOSE

The register of members will be closed from Friday, 4 October 2013 to Wednesday, 9 October 2013, 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 pm on Thursday, 3 October 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of by the Company or any of its subsidiaries of the Company’s listed securities during the six months ended 30 June 2013.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2013 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	374,480	197,556,320 ⁽²⁾	197,930,800	58.18
	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 - ordinary shares	Ho Kian Guan	-	9,010,000 ⁽¹²⁾	9,010,000	100.00
	Ho Kian Hock	-	9,010,000 ⁽¹²⁾	9,010,000	100.00
KSF Enterprises Sdn Bhd - preferred shares	Ho Kian Guan	-	24,000,000 ⁽¹³⁾	24,000,000	100.00
	Ho Kian Hock	-	24,000,000 ⁽¹³⁾	24,000,000	100.00
Chateau Ottawa Hotel Inc - common shares	Ho Kian Guan	-	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
	Ho Kian Hock	-	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
Chateau Ottawa Hotel Inc - preferred shares	Ho Kian Guan	-	1,485,000 ⁽¹⁵⁾	1,485,000	55.00
	Ho Kian Hock	-	1,485,000 ⁽¹⁵⁾	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 2013, 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 2013, 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 2013, 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, 23 August 2013



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 13 to 34 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 2013 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 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

23 August 2013

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Turnover	3	596,559	733,296
Cost of sales		(75,859)	(99,670)
		520,700	633,626
Other revenue	4(a)	13,731	16,848
Other net gains	4(b)	23,553	8,534
Direct costs and operating expenses		(205,534)	(211,631)
Marketing and selling expenses		(29,929)	(28,286)
Depreciation of fixed assets		(47,719)	(48,524)
Administrative and other operating expenses		(107,873)	(101,699)
Operating profit		166,929	268,868
Increase in fair value of investment properties	10	43,905	40,358
		210,834	309,226
Finance costs	5(a)	(3,210)	(6,643)
Share of profits less losses of associates		6,076	10,817
Profit before taxation	5	213,700	313,400
Income tax	6	(36,484)	(47,856)
Profit for the period		177,216	265,544
Attributable to:			
Equity shareholders of the Company		146,391	200,106
Non-controlling interests		30,825	65,438
Profit for the period		177,216	265,544
Earnings per share, basic and diluted (cents)	9	43.0	58.8

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

The notes on pages 19 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Profit for the period		177,216	265,544
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries and associates		(24,920)	(14,179)
Available-for-sale securities:			
– net movement in the fair value reserve	8	(12,063)	47
		(36,983)	(14,132)
Total comprehensive income for the period		140,233	251,412
Attributable to:			
Equity shareholders of the Company		110,203	186,557
Non-controlling interests		30,030	64,855
Total comprehensive income for the period		140,233	251,412

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

The notes on pages 19 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Non-current assets			
Fixed assets	10		
– Investment properties		466,570	422,665
– Other properties and fixed assets		1,160,901	1,203,342
– Interests in leasehold land held for own use under operating lease		231,863	239,851
		1,859,334	1,865,858
Interest in associates		207,326	205,775
Available-for-sale securities		4,799	65,317
		2,071,459	2,136,950
Current assets			
Trading securities		1,310	1,938
Properties held for sale		283,464	283,527
Inventories		4,666	4,876
Trade and other receivables	11	56,149	57,553
Derivative financial assets		–	459
Pledged deposits	12(a)	114,104	307,399
Deposits and cash	12(b)	1,775,100	1,538,874
Taxation recoverable		–	6,048
		2,234,793	2,200,674
Current liabilities			
Bank loans	13	330,027	383,145
Trade and other payables	14	225,947	214,061
Loans from associates		464	464
Loans from non-controlling shareholders	15	30,568	30,664
Amount due to an affiliated company	18(c)	23,880	19,441
Derivative financial liabilities		–	563
Taxation payable		42,575	65,891
		653,461	714,229
Net current assets		1,581,332	1,486,445
Total assets less current liabilities		3,652,791	3,623,395

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
	Note		
Non-current liabilities			
Deferred revenue		6,861	7,055
Loans from non-controlling shareholders	15	47,756	45,889
Loan from an affiliated company	18(c)	49,499	48,160
Deferred tax liabilities		73,182	84,670
		177,298	185,774
<hr/>			
NET ASSETS		3,475,493	3,437,621
<hr/>			
CAPITAL AND RESERVES			
Share capital		340,200	340,200
Reserves		2,619,688	2,570,314
<hr/>			
Total equity attributable to equity shareholders of the Company		2,959,888	2,910,514
Non-controlling interests		515,605	527,107
<hr/>			
TOTAL EQUITY		3,475,493	3,437,621
<hr/>			

The notes on pages 19 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to equity shareholders of the Company									
	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	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2012	340,200	158,105	12,758	107,419	4,414	18,826	1,966,145	2,607,867	474,398	3,082,265
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 shareholders	-	-	-	-	-	-	-	-	(41,404)	(41,404)
Others	-	-	-	-	-	(2,577)	-	(2,577)	5,441	2,864
At 30 June 2012	340,200	158,105	12,758	93,823	4,461	16,249	2,132,231	2,757,827	503,290	3,261,117
At 1 January 2013	340,200	158,105	12,758	91,812	16,271	13,864	2,277,504	2,910,514	527,107	3,437,621
Profit for the period	-	-	-	-	-	-	146,391	146,391	30,825	177,216
Other comprehensive income	-	-	-	(24,125)	(12,063)	-	-	(36,188)	(795)	(36,983)
Total comprehensive income for the period	-	-	-	(24,125)	(12,063)	-	146,391	110,203	30,030	140,233
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(57,834)	(57,834)	-	(57,834)
Dividend paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	(41,532)	(41,532)
Others	-	-	-	-	-	(2,995)	-	(2,995)	-	(2,995)
At 30 June 2013	340,200	158,105	12,758	67,687	4,208	10,869	2,366,061	2,959,888	515,605	3,475,493

The notes on pages 19 to 34 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Net cash generated from operating activities		171,188	161,202
Net cash generated from/(used in) investing activities		373,739	(63,700)
Net cash used in financing activities		(152,530)	(107,864)
Increase/(decrease) in cash and cash equivalents		392,397	(10,362)
Cash and cash equivalents at 1 January	12(b)	1,112,011	893,173
Effect of foreign exchanges rate changes		(6,483)	332
Cash and cash equivalents at 30 June	12(b)	1,497,925	883,143

The notes on pages 19 to 34 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation

The 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 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2012 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 2012 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2013.

2. Changes in accounting policies

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

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

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

2. Changes in accounting policies (continued)

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this interim financial report has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those required in the current standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial report. The Group has provided those disclosures in note 16. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following 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.

(a) 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. Segment reporting (continued)

(b) 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 2013								
Hotel operations	560,877	-	560,877	(45,092)	(3,018)	6,076	(28,225)	97,072
- Vietnam	294,852	-	294,852	(19,617)	-	6,129	(15,790)	75,288
- United States	217,102	-	217,102	(14,853)	(3,018)	-	(11,783)	18,610
- The People's Republic of China	32,465	-	32,465	(7,494)	-	-	-	1,045
- Canada	-	-	-	-	-	(53)	-	(53)
- Japan	16,458	-	16,458	(3,128)	-	-	(652)	2,182
Property development	1,000	-	1,000	-	-	-	(112)	824
- Macau	1,000	-	1,000	-	-	-	(112)	824
Property investment	33,235	560	33,795	(2,582)	(18)	-	(8,052)	51,427
- Macau (note (i))	33,235	560	33,795	(2,582)	(18)	-	(8,052)	51,427
Investment and corporate	1,447	-	1,447	(45)	(174)	-	(95)	27,893
- Macau	-	-	-	-	-	-	-	1,998
- Others (note (iii))	1,447	-	1,447	(45)	(174)	-	(95)	25,895
Inter-segment elimination	-	(560)	(560)	-	-	-	-	-
Total	596,559	-	596,559	(47,719)	(3,210)	6,076	(36,484)	177,216

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 (iii))	1,448	-	1,448	(46)	(673)	-	(111)	16,096
Inter-segment elimination	-	(739)	(739)	-	-	-	-	-
Total	733,296	-	733,296	(48,524)	(6,643)	10,817	(47,856)	265,544

Notes:

- (i) Included in contribution to profit is increase in fair value of investment properties of HK\$43,905,000 (2012: HK\$40,358,000).
- (ii) Included in contribution to profit is net exchange gain of HK\$10,398,000 (2012: HK\$9,397,000).

3. Segment reporting *(continued)*

(c) Analysis of total assets of the Group

	Segment assets HK\$'000	Interests in associates HK\$'000	Total assets HK\$'000
At 30 June 2013			
Hotel operations			
– Vietnam	479,707	115,202	594,909
– United States	726,441	–	726,441
– The People's Republic of China	238,433	–	238,433
– Canada	–	87,985	87,985
– Japan	129,157	–	129,157
Property development	335,868	–	335,868
Property investment			
– Macau	1,106,141	–	1,106,141
Investment and corporate	1,083,179	4,139	1,087,318
Total	4,098,926	207,326	4,306,252
At 31 December 2012			
Hotel operations			
– Vietnam	485,298	109,074	594,372
– United States	730,579	–	730,579
– The People's Republic of China	236,883	–	236,883
– Canada	–	92,565	92,565
– Japan	156,067	–	156,067
Property development	335,931	–	335,931
Property investment			
– Macau	873,035	–	873,035
Investment and corporate	1,314,056	4,136	1,318,192
Total	4,131,849	205,775	4,337,624

4. Other revenue and net income

(a) Other revenue

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Interest income from bank deposits	11,435	14,750
Dividend income from listed available-for-sale and trading securities	112	158
Others	2,184	1,940
	13,731	16,848

4. Other revenue and net income (continued)

(b) Other net gains

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Gain on disposal of available-for-sale securities	18,563	–
Net exchange gain	10,283	8,702
Loss on disposal of fixed assets	(4,665)	–
Net realised and unrealised losses on trading securities	(628)	(238)
Others	–	70
	23,553	8,534

5. Profit before taxation

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

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	3,192	6,638
Interest paid on amount due to an affiliated company	18	5
	3,210	6,643
(b) Staff costs		
Salaries, wages and other benefits	141,330	129,096
Contributions to defined contribution retirement plans	1,224	1,254
	142,554	130,350
(c) Other items		
Cost of properties sold	63	19,644
Cost of inventories	42,629	40,969
Rentals receivable from investment properties less direct outgoings of HK\$1,343,000 (2012: HK\$5,733,000)	(25,955)	(37,455)
Other rental income less direct outgoings	(1,491)	(1,381)

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current tax – Overseas		
Provision for the period	47,177	40,722
<hr style="border-top: 1px dashed black;"/>		
Deferred taxation		
Change in fair value of investment properties	5,635	5,033
Withholding tax on the distributable profits (note (vi))	646	1,260
Origination and reversal of other temporary differences	(16,974)	841
	(10,693)	7,134
<hr style="border-top: 1px dashed black;"/>		
	36,484	47,856

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 2013 and 30 June 2012.
- (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% (2012: 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. The tax reduction is not applicable to slot machine operation, which is taxed at 25%.
- (iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2012: 25%) of the estimated taxable profits for the period. For the six months ended 30 June 2013 and 30 June 2012, no provision has been made for PRC Enterprise Income Tax as the subsidiary has accumulated tax losses brought forward from previous years which exceed the taxable profits of the current period.
- (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% (2012: 34%) and 8.84% (2012: 8.84%) respectively determined by income ranges.

6. Income tax (continued)

Notes: (continued)

- (vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% (2012: 20%) on all gross profit distributions from the subsidiary.
- (vii) Share of associates' tax for the six months ended 30 June 2013 of HK\$3,735,000 (2012: HK\$4,430,000) 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	
	2013	2012
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.03 (2012: HK\$0.03) per ordinary share	10,206	10,206

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:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.17 (2012: HK\$0.10) per ordinary share	57,834	34,020

8. Other comprehensive income**Available-for-sale securities**

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Changes in fair value recognised during the period	6,500	47
Reclassification adjustment for amount transferred to profit or loss:		
– gains on disposal	(18,563)	–
Net movement in the fair value reserve during the period recognised in other comprehensive income	(12,063)	47

9. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$146,391,000 (2012: HK\$200,106,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2013 and 30 June 2012.

There is no potential dilutive ordinary share during the six months ended 30 June 2013 and 30 June 2012.

10. Fixed assets

The Group's investment properties in Macau were revalued by Infinity Property Development and Planning Limited, an independent firm of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, at 30 June 2013, on a market value basis, after taking into consideration of direct comparison to recent market transactions and 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\$43,905,000 (2012: HK\$40,358,000) for the six months period ended 30 June 2013.

11. Trade and other receivables

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

	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Within one month	21,400	20,642
One to three months	10,106	10,683
More than three months but less than twelve months	599	–
	32,105	31,325

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

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

	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Pledged deposits		
– Maturity less than three months	114,104	–
– Maturity more than three months	–	307,399
	114,104	307,399

(b) Deposits and cash:

	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Deposits with banks and other financial institutions	1,554,456	1,360,729
Cash at bank	220,644	178,145
	1,775,100	1,538,874
Less: Deposits with maturity greater than three months	(277,175)	(426,863)
Cash and cash equivalents in the condensed consolidated cash flow statement	1,497,925	1,112,011

13. Bank loans

- (a) At 30 June 2013 and 31 December 2012, the bank loans were repayable within one year or on demand.
- (b) At 30 June 2013, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:
- (i) properties held for sale with a carrying value of HK\$66,767,000 (31 December 2012: HK\$66,767,000),
 - (ii) hotel property of the Group with aggregate carrying value of HK\$645,643,000 (31 December 2012: HK\$661,412,000),
 - (iii) bank deposits of HK\$114,104,000 (31 December 2012: HK\$307,399,000), and
 - (iv) equity securities with fair value of HK\$1,310,000 (31 December 2012: HK\$1,938,000).

Such banking facilities amounted to HK\$769,183,000 (31 December 2012: HK\$983,088,000) and were utilised to the extent of HK\$330,027,000 (31 December 2012: HK\$383,145,000).

14. Trade and other payables

Included in trade and other payables are trade payables with the following ageing analysis based on invoice date:

	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Due within one month or on demand	19,883	24,181
Due after one month but within three months	10,079	20,176
Due after three months	58,149	15,108
	88,111	59,465

15. Loans from non-controlling shareholders

At 30 June 2013, loans from non-controlling shareholders are unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$53,149,000 (before the effect of discounting in the amount of HK\$5,393,000) (31 December 2012: nominal value of HK\$52,583,000 (before the effect of discounting in the amount of HK\$6,694,000)) which are repayable on 30 April 2015 and classified as non-current liabilities.

16. Fair value measurement of financial instruments

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

(i) Fair value hierarchy

Fair value at 30 June 2013	Fair value measurements as at 30 June 2013 using		
	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
HK\$'000	HK\$'000	HK\$'000	HK\$'000

**Recurring fair value
measurement**

Financial assets:

Available-for-sale securities

– Listed	4,799	4,799	–	–
Trading securities – Listed	1,310	1,310	–	–

Fair value measurements
as at 31 December 2012 using

Fair value at 31 December 2012	Fair value measurements as at 31 December 2012 using		
	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
HK\$'000	HK\$'000	HK\$'000	HK\$'000

**Recurring fair value
measurement**

Financial assets:

Available-for-sale securities

– Listed	65,317	65,317	–	–
Trading securities – Listed	1,938	1,938	–	–

Derivative financial instruments

– Forward exchange contracts	459	–	459	–
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Financial liabilities:

Derivative financial instruments

– Forward exchange contracts	(563)	–	(563)	–
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During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16. Fair value measurement of financial instruments *(continued)***(a) Financial assets and liabilities measured at fair value** *(continued)*

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

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

17. Commitments

At 30 June 2013, capital commitments outstanding not provided for in the interim financial report as follows:

	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Contracted for	29,857	42,853
Authorised but not contracted for	7,046	1,943
	36,903	44,796

18. Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions, which were on commercial terms, with 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 2013.

Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2013. 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 50% indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

18. Material related party transactions (continued)

	Note	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
(a) Transactions with Goodland			
Proceeds from the sale of properties	(i)	–	19,625
Rental income receivable	(ii)	491	502
Management fee payable	(iii)	1,602	1,602
Interest expense payable	(vi)	18	5
(b) Transactions with Garin			
Proceeds from the sale of properties	(iv)	–	19,625
		At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
(c) Balances with Goodland			
Loan from Goodland	(v)	49,499	48,160
Amount due to Goodland	(vi)	23,880	19,441
(d) Balances with KC Ho			
Loan from KC Ho	(vii)	11,990	11,666
Amounts due to KC Ho	(viii)	4,061	4,061

Notes:

- (i) A subsidiary of the Company sold certain of its properties to Goodland for the six months ended 30 June 2012. No property was sold to Goodland during the six months ended 30 June 2013.
- (ii) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.
- (iii) Certain subsidiaries of the Company paid management fees to Goodland.
- (iv) A subsidiary of the Company sold certain of its properties to Garin for the six months ended 30 June 2012. No property was sold to Garin during the six months ended 30 June 2013.
- (v) At 30 June 2013, loan from Goodland with nominal value of HK\$55,089,000 (31 December 2012: HK\$55,185,000) before the effect of discounting in the amount of HK\$5,590,000 (31 December 2012: HK\$7,025,000) was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.

18. Material related party transactions (continued)

Notes: (continued)

- (vi) At 30 June 2013, the amount due to Goodland of HK\$23,880,000 (31 December 2012: HK\$19,441,000) comprises of:
- interest bearing accounts with certain subsidiaries of the Company amounting to HK\$7,283,000 (31 December 2012: HK\$2,338,000). Interest payable by the subsidiaries amounted to HK\$18,000 for the six months ended 30 June 2013 (2012: HK\$5,000).
 - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,597,000 (31 December 2012: HK\$17,103,000).
- (vii) At 30 June 2013, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK\$13,344,000 (31 December 2012: HK\$13,368,000) before the effect of discounting in the amount of the HK\$1,354,000 (31 December 2012: HK\$1,702,000) which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.
- (viii) Amounts due to KC Ho represent non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.

19. Contingent liabilities

- (a) At 30 June 2013, 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 2012: HK\$8,252,000).
- (b) At 30 June 2013, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$36,865,000 (C\$5,000,000) (31 December 2012: HK\$38,950,000 (C\$5,000,000)).

At 30 June 2013, 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.

- (c) A subsidiary of the Group, Ocean Place Joint Venture Company Limited (“OPJV”), is the defendant in litigation arising from its club operations in Vietnam. The plaintiff, a patron of the hotel’s club, claimed winnings from a gaming machine in the club in the amount of approximately US\$55.5 million (equivalent to HK\$431 million) plus interest, and filed a lawsuit against OPJV in 2010.

On 7 January 2013, The People’s Court of District 1, Ho Chi Minh City (the “Lower Court”) made a ruling against OPJV in the amount of approximately US\$55.5 million plus court fees (the “Judgement”).

19. Contingent liabilities *(continued)*

(c) *(continued)*

On 21 January 2013, OPJV lodged an appeal to seek reversal of the Judgement (the "Appeal") on the basis that it was not made in compliance with applicable laws. The Appeal has since been accepted for consideration by The People's Court of Ho Chi Minh City. OPJV is currently taking the necessary steps to start the appellate proceedings to seek reversal of the Judgement.

As the outcome of these court proceedings is still uncertain, the directors have taken into account all available evidence, including the opinion of legal experts, in determining whether a present obligation exists in respect of this claim at the end of the reporting period. Based on legal advice received, the directors understand that OPJV has strong grounds for appeal. In particular the directors took into account that the Judgement amount exceeded the gaming machine's maximum payout (of approximately US\$46,000), that the club's rules state that any machine malfunction voids all pays and plays, and that the opinion of legal experts is that the plaintiff lacks sufficient legal basis and evidence to prove his alleged winning. On the basis of such evidence, the directors consider that at the end of the reporting period OPJV does not have a present obligation to pay the plaintiff. Accordingly, no provision for this matter has been made in the financial statements.