



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

Stock Code : 0184

INTERIM REPORT 2014 INTERIM REPORT 2014



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 Cheong
 ** 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
 Level 22, Hopewell Centre
 183 Queen's Road East
 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 2014. 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 consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2014 was HK\$164,435,000 (HK\$0.483 per share), compared to HK\$146,391,000 (HK\$0.430 per share) for the first six months of 2013.

The Board has declared an interim dividend of HK\$0.03 (2013: HK\$0.03) per share for 2014 payable on Friday, 17 October 2014, to equity shareholders whose names appear on the register of members of the Company on Wednesday, 8 October 2014.

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 2014, rental revenue of the Group's properties continues to increase in line with the robust economic growth driven by the strong visitors arrivals and construction activities relating to the gaming and hotel developments. This trend is expected to continue for the next few years.

Rental income for the first six months of the year was HK\$34.5 million as compared to HK\$29.0 million of the same period in 2013.

Against this background, and with an objective to enhance shareholders' value, the Group has decided to continue its policy of adopting a flexible approach towards pricing and marketing of its properties held for sale in Macau. Specifically, the Group will continue to be vigilant in monitoring market developments and price movements in the luxurious residential sector with a view towards sale at price points that will optimize profits for the Group. In the meantime, the Group will continue to take advantage of the strength of the leasing market in Macau residential properties and lease out as many of the vacant units as possible to ensure that there is a good return from these properties.

There were no sales of residential properties by the Group in Macau during the first six months of 2014.

Vietnam

The economy expanded by 5.3% during the first half of 2014, on the heels of a dong devaluation following riots in May in the country.

During the first six months of 2014, turnover in Vietnam increased to HK\$315.7 million, an increase of 7% over the same period in 2013. There was a pick-up in the level of economic activity and tourist arrivals prior to the riots in May 2014.

Sheraton Saigon Hotel and Grand Towers

For the first half of 2014, the hotel reported an occupancy rate of approximately 67%, as compared to 72% during the same period in 2013. Average room rate has risen to approximately US\$172 per room night in the first six months of 2014, as compared to US\$161 in the same period in 2013.

Caravelle Hotel

For the first half of the year, the hotel reported an occupancy rate of approximately 65%, as compared to 67% during the same period in 2013. Average room rate was approximately US\$132 per room night in the first six months of 2014, as compared to US\$132 in the same period in 2013.

US

W San Francisco

The US economy continues to strengthen in the first half of 2014 despite gradual withdrawal of monetary easing measures. The San Francisco Bay area has remained one of the most robust economies in North America with sustained improvements in employment across a wide spectrum.

During the first half of 2014, occupancy rate at W San Francisco was approximately 87%, as compared to 87% during the same period in 2013. Average room rate has increased to approximately US\$325 per room night in the first six months in 2014, as compared to approximately US\$293 in the same period in 2013.

PRC

Holiday Inn Wuhan Riverside

China's GDP grew by 7.4% and 7.5% respectively in the first and second quarters of 2014, a very slight drop as compared to the same period in 2013. This is the second year in a row that the Chinese economy has reported a slower rate of growth during the first half.

For the first half of the year, the hotel reported an occupancy rate of approximately 68%, as compared to 61% during the same period in 2013. Average room rate has reduced slightly to approximately Rmb421 per room night in the first six months in 2014, as compared to approximately Rmb445 in the same period in 2013.

Japan

Best Western Hotel Fino Osaka Shinsaibashi

Japan reported moderate economy growth in the first half of 2014.

For the first half of 2014, occupancy rate has increased to approximately 89%, as compared to approximately 86% in the same period in 2013. Average room rate has risen to approximately JPY 7,362 per room night during the first six months of 2014, as compared to JPY 6,828 in the same period in 2013.

Canada

Sheraton Ottawa Hotel

For the first half of the year, the hotel reported a slight increase in occupancy rate to approximately 70%, as compared to 69% in the same period in 2013. Average room rate was approximately C\$170 per room night in 2014, as compared to C\$167 in 2013.

DoubleTree International Plaza Hotel

For the first half of 2014, the hotel reported an occupancy rate of approximately 63%, as compared to approximately 68% in 2013. Average room rate has dropped to approximately C\$99 per room night in 2014, as compared to C\$109 in the same period in 2013.

FINANCIAL REVIEW

The Group's turnover was HK\$635.2 million for the first six months of 2014, an increase of 6.5% over the corresponding period in 2013. The increase was primarily attributable to the increase in hotel and club operations situated in Vietnam and the United States and increase in rental income in Macau in the first half of 2014.

Revenue from hotel operations amounted to HK\$594.5 million, an increase of 6.0% as compared to HK\$560.9 million in the corresponding period in 2013. This increase was primarily attributable to the increase in slot machine income from Sheraton Hotel in Vietnam and the improvement in average room rates for W Hotel in the United States.

The Group's operating profit was HK\$182.4 million for the period ended 30 June 2014, as compared to HK\$166.9 million in 2013. Profit attributable to equity shareholders of HK\$164.4 million was reported as compared to HK\$146.4 million in 2013.

The Group's gearing, calculated by dividing bank loans by total equity, is 7.5% as at 30 June 2014 (31 December 2013: 8.0%). At 30 June 2014, the Group had total bank loans of HK\$285.1 million (31 December 2013: HK\$293.4 million) and deposits and cash of HK\$1,976.8 million (31 December 2013: HK\$1,939.3 million). Of the total bank borrowings, HK\$73.5 million (31 December 2013: HK\$71.6 million) are repayable within one year, HK\$40.3 million (31 December 2013: HK\$40.3 million) are repayable after one year but within two years and the remaining of HK\$171.3 million (31 December 2013: HK\$181.5 million) are repayable after two years but within five years.

The Group's bank borrowings are denominated in United States dollars and Japanese Yen. Bank deposits and cash are mostly in Hong Kong dollars, Chinese Yuan, United States dollars and Canadian dollars. The Group's bank borrowings are on floating rate. Taking into account 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 2014, a hotel property and properties held for sale with an aggregate value of HK\$709.0 million (31 December 2013: HK\$687.8 million) and bank deposits of HK\$185.6 million (31 December 2013: HK\$185.6 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group. At 30 June 2014, no equity securities (31 December 2013: HK\$1.7 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

- (a) At 30 June 2014, 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 2013: HK\$8,252,000).
- (b) At 30 June 2014, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$36,340,000 (C\$5,000,000) (31 December 2013: HK\$36,415,000 (C\$5,000,000)).

At 30 June 2014, 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 received or paid any fee in respect of any of the above guarantees.

PROSPECTS

Global economic activity has broadly strengthened and is expected to improve further in the second half of 2014, with much of the impetus coming from advanced countries. Downside risks, however, remain on the horizon. Prospect of military conflict has emerged against a background of geopolitical risks. The bright spot is that the US economy is steadily improving with sustained growth in key regional economies such as California and New York. The process of economic adjustment in China is continuing and is expected to persist for the rest of the year. Growth in Macau is continuing but at a lower rate.

The above factors will continue to influence the Group's operations in the various geographical locations in the second half of 2014.

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

PERSONNEL

At 30 June 2014, the Group had approximately 1,806 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 2014, 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.4.1, as the non-executive directors are not appointed for a specific term;
3. Code Provision D.1.2, as the Company did not formalize functions reserved to the Board and those delegated to management and did not conduct review periodically;
4. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the Board and management;
5. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and
6. Code Provision E.1.4, as the Board did not establish a shareholders' communication policy and review it on a regular basis.

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.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 system and the interim and annual reports, including the Group’s unaudited consolidated financial statements for the six months ended 30 June 2014.

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 Nomination Committee.

BOOK CLOSE

The register of members will be closed from Monday, 6 October 2014 to Wednesday, 8 October 2014, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 October 2014.

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 2014.

CHANGES IN DIRECTORS’ BIOGRAPHICAL DETAILS

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

Name of director	Details of changes
Dr CHAN Yau Hing Robin	Resigned as an independent non-executive director of Chong Hing Bank Limited, a listed company of The Hong Kong Stock Exchange, with effect from 14 February 2014
Mr YU Hon To David	Resigned as an independent non-executive director of VXL Capital Limited, a listed company of The Hong Kong Stock Exchange, with effect from 27 May 2014

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2014 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 AKA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
- (8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,252,500 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.

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

Save as mentioned above, at 30 June 2014, 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 2014, 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. <i>(Note 1, 2)</i>	Interests of controlled corporations	197,556,320	58.1
Pad Inc <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Lapford Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited <i>(Note 2)</i>	Beneficial owner	100,909,360	29.7
Goodland Limited <i>(Note 1)</i>	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 2014, 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, 19 August 2014



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 2014 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 2014 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

19 August 2014

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Turnover	3	635,165	596,559
Cost of sales		(70,756)	(75,859)
		564,409	520,700
Other revenue	4(a)	16,427	13,731
Other net (losses)/gains	4(b)	(1,427)	23,553
Direct costs and operating expenses		(205,585)	(205,534)
Marketing and selling expenses		(31,206)	(29,929)
Depreciation of fixed assets		(39,979)	(47,719)
Administrative and other operating expenses		(120,213)	(107,873)
Operating profit		182,426	166,929
Increase in fair value of investment properties	8	97,000	43,905
		279,426	210,834
Finance costs	5(a)	(1,570)	(3,210)
Share of profits less losses of associates		8,844	6,076
Profit before taxation	5	286,700	213,700
Income tax	6	(55,412)	(36,484)
Profit for the period		231,288	177,216
Attributable to:			
Equity shareholders of the Company		164,435	146,391
Non-controlling interests		66,853	30,825
Profit for the period		231,288	177,216
Earnings per share, basic and diluted (cents)	7	48.3	43.0

Details of dividends payable to equity shareholders of the Company are set out in note 14(a).

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit for the period	231,288	177,216
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	(2,983)	(24,920)
Available-for-sale securities:		
– changes in fair value recognised during the period	(36)	6,500
– transferred to consolidated income statement on disposal	–	(18,563)
Other comprehensive income for the period	(3,019)	(36,983)
Total comprehensive income for the period	228,269	140,233
Attributable to:		
Equity shareholders of the Company	163,010	110,203
Non-controlling interests	65,259	30,030
Total comprehensive income for the period	228,269	140,233

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2014 (unaudited) HK\$'000	At 31 December 2013 (audited) HK\$'000
Non-current assets			
Fixed assets	8		
– Investment properties		703,000	606,000
– Other properties and fixed assets		1,124,735	1,140,315
– Interests in leasehold land held for own use under operating lease		226,332	228,138
		2,054,067	1,974,453
Interest in associates		213,375	204,720
Available-for-sale securities		5,258	5,294
		2,272,700	2,184,467
Current assets			
Trading securities		9,895	12,189
Properties held for sale		280,658	280,658
Inventories		4,509	4,870
Trade and other receivables	9	46,587	54,024
Pledged deposits		185,557	185,614
Deposits and cash	10	1,791,233	1,753,666
		2,318,439	2,291,021
Current liabilities			
Bank loans, secured	11	73,494	71,602
Trade and other payables	12	196,252	212,991
Loan from an associate		464	464
Loans from non-controlling shareholders	13	132,079	30,372
Amount due to an affiliated company	17(b)	19,183	20,963
Taxation payable		23,161	37,526
		444,633	373,918
Net current assets		1,873,806	1,917,103
Total assets less current liabilities		4,146,506	4,101,570

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	At 30 June 2014 (unaudited) HK\$'000	At 31 December 2013 (audited) HK\$'000
Non-current liabilities			
Bank loans, secured	11	211,630	221,793
Deferred revenue		6,472	6,667
Loans from non-controlling shareholders	13	–	100,529
Deferred tax liabilities		102,179	90,091
		320,281	419,080
NET ASSETS			
		3,826,225	3,682,490
CAPITAL AND RESERVES			
Share capital: nominal value		–	340,200
Other statutory capital reserve		–	158,105
Share capital and other statutory capital reserve	14(b)	498,305	498,305
Other reserves		2,731,076	2,622,173
Total equity attributable to equity shareholders of the Company		3,229,381	3,120,478
Non-controlling interests		596,844	562,012
TOTAL EQUITY		3,826,225	3,682,490

The notes on pages 18 to 30 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 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 14)	-	-	-	-	-	-	(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
At 1 January 2014	340,200	158,105	12,758	60,995	4,703	8,022	2,535,695	3,120,478	562,012	3,682,490
Profit for the period	-	-	-	-	-	-	164,435	164,435	66,853	231,288
Other comprehensive income	-	-	-	(1,389)	(36)	-	-	(1,425)	(1,594)	(3,019)
Total comprehensive income for the period	-	-	-	(1,389)	(36)	-	164,435	163,010	65,259	228,269
Dividends approved in respect of the previous year (note 14)	-	-	-	-	-	-	(51,030)	(51,030)	-	(51,030)
Dividend paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	(30,427)	(30,427)
Transition to non-par value regime on 3 March 2014 (note 14(b))	158,105	(158,105)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(3,077)	-	(3,077)	-	(3,077)
At 30 June 2014	498,305	-	12,758	59,606	4,667	4,945	2,649,100	3,229,381	596,844	3,826,225

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	
		2014 HK\$'000	2013 HK\$'000
Operating activities			
Cash generated from operations		175,817	235,555
Overseas tax paid		(57,162)	(64,367)
Net cash generated from operating activities		118,655	171,188
Investing activities			
Decrease in pledged deposits		57	149,688
(Increase)/decrease in bank deposits with maturity more than three months		(12,302)	193,295
Other cash flows arising from investing activities		11,546	30,756
Net cash (used in)/generated from investing activities		(699)	373,739
Financing activities			
Dividends paid to equity shareholders of the Company		(51,030)	(57,834)
Repayment of bank loans		(9,926)	(48,959)
Other cash flows arising from financing activities		(31,978)	(45,737)
Net cash used in financing activities		(92,934)	(152,530)
Increase in cash and cash equivalents		25,022	392,397
Cash and cash equivalents at 1 January	10	1,659,700	1,112,011
Effect of foreign exchanges rate changes		243	(6,483)
Cash and cash equivalents at 30 June	10	1,684,965	1,497,925

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 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 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 2013 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 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2014.

2. Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group’s consolidated financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

- (i) Hotel segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.
- (ii) Property segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau, and of development, sales and marketing of the Group's trading properties in Macau.
- (iii) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, available-for-sale and trading securities, financial instruments and other treasury operations.

(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 HK\$'000	Inter- segment turnover HK\$'000	Total turnover HK\$'000	Depreciation of fixed assets HK\$'000	Finance costs HK\$'000	Share of results of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
For the six months ended 30 June 2014								
Hotel	594,468	-	594,468	(37,732)	(1,411)	8,844	(40,839)	124,646
- Vietnam	315,737	-	315,737	(13,170)	-	8,769	(23,400)	98,214
- United States	226,939	-	226,939	(14,441)	(1,411)	-	(16,315)	25,119
- The People's Republic of China	33,329	-	33,329	(7,624)	-	-	-	(2,823)
- Canada	-	-	-	-	-	75	-	75
- Japan	18,463	-	18,463	(2,497)	-	-	(1,124)	4,061
Property	39,215	526	39,741	(2,202)	(22)	-	(14,448)	105,581
- Macau #	39,215	526	39,741	(2,202)	(22)	-	(14,448)	105,581
Investment and corporate	1,482	-	1,482	(45)	(137)	-	(125)	1,061
Inter-segment elimination	-	(526)	(526)	-	-	-	-	-
Total	635,165	-	635,165	(39,979)	(1,570)	8,844	(55,412)	231,288
For the six months ended 30 June 2013								
Hotel	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	34,235	560	34,795	(2,582)	(18)	-	(8,164)	52,251
- Macau #	34,235	560	34,795	(2,582)	(18)	-	(8,164)	52,251
Investment and corporate	1,447	-	1,447	(45)	(174)	-	(95)	27,893
Inter-segment elimination	-	(560)	(560)	-	-	-	-	-
Total	596,559	-	596,559	(47,719)	(3,210)	6,076	(36,484)	177,216

External turnover from property segment in Macau includes rental income from investment properties of \$7,286,000 (2013: \$6,332,000), rental income from properties held for sale of \$24,921,000 (2013: \$20,967,000), proceeds from the sale of properties held for sale of \$Nil (2013: \$1,000,000) and club operations and others of \$7,008,000 (2013: \$5,936,000).

Note: The Group previously reported separate "Property development" and "Property investment" segments. In accordance with the way in which information is now reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the financial results of the Group's property sale and leasing activities are now reported within the "Property" segment. Comparative figures have been restated accordingly.

3. Segment reporting (continued)

(c) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
At 30 June 2014				
Hotel				
– Vietnam	415,966	129,245	545,211	4,704
– United States	733,210	–	733,210	19,444
– The People's Republic of China	230,514	–	230,514	93
– Canada	–	79,993	79,993	–
– Japan	128,324	–	128,324	83
Property				
– Macau	1,716,870	–	1,716,870	292
Investment and corporate	1,152,880	4,137	1,157,017	–
Total	4,377,764	213,375	4,591,139	24,616
At 31 December 2013				
Hotel				
– Vietnam	438,138	120,476	558,614	5,023
– United States	725,564	–	725,564	13,808
– The People's Republic of China	243,327	–	243,327	22,642
– Canada	–	80,107	80,107	–
– Japan	120,924	–	120,924	194
Property				
– Macau	1,604,201	–	1,604,201	986
Investment and corporate	1,138,614	4,137	1,142,751	–
Total	4,270,768	204,720	4,475,488	42,653

4. Other revenue and net (losses)/gains

(a) Other revenue

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interest income from bank deposits	13,604	11,435
Dividend income from listed available-for-sale and trading securities	193	112
Others	2,630	2,184
	16,427	13,731

4. Other revenue and net (losses)/gains (continued)

(b) Other net (losses)/gains

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Gain on disposal of available-for-sale securities	–	18,563
Gain/(loss) on disposal of fixed assets	32	(4,665)
Net exchange (losses)/gains	(547)	10,283
Net realised and unrealised losses on trading securities	(912)	(628)
	(1,427)	23,553

5. Profit before taxation

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	1,548	3,192
Interest paid on amount due to an affiliated company	22	18
	1,570	3,210
(b) Staff costs		
Salaries, wages and other benefits	143,469	141,330
Contributions to defined contribution retirement plans	1,303	1,224
	144,772	142,554
(c) Other items		
Cost of properties sold	–	63
Cost of inventories	31,335	42,629
Rentals receivable from investment properties less direct outgoings of HK\$258,000 (2013: HK\$294,000)	(7,028)	(6,038)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$1,088,000 (2013:HK\$1,332,000)	(26,159)	(21,408)

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current tax – Overseas		
Provision for the period	43,308	47,177
Deferred taxation		
Origination and reversal of other temporary differences	12,104	(10,693)
	55,412	36,484

Notes:

- (a) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income for the six months ended 30 June 2014 and 30 June 2013.
- (b) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 15% (2013: 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%.
- (d) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2013: 25%) of the estimated taxable profits for the period. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purpose or had unutilised tax loss to set-off against taxable income for the six months ended 30 June 2014 and 30 June 2013.
- (e) 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% (2013: 34%) and 8.84% (2013: 8.84%) respectively determined by income ranges.
- (f) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20.42% (2013: 20%) on all gross profit distributions from the subsidiary.
- (g) Share of associates' tax for the six months ended 30 June 2014 of HK\$3,655,000 (2013: HK\$3,735,000) is included in the share of profits less losses of associates.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$164,435,000 (2013: HK\$146,391,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2014 and 30 June 2013.

There is no potential dilutive ordinary share during the six months ended 30 June 2014 and 30 June 2013.

8. Fixed assets

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

The Group recorded an increase in fair value of investment properties of HK\$97,000,000 (2013: HK\$43,905,000) and deferred tax thereon of HK\$11,770,000 (2013: HK\$5,635,000) in profit or loss for the six months period ended 30 June 2014.

9. 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 2014 HK\$'000	At 31 December 2013 HK\$'000
Within one month	18,847	27,541
One to three months	6,806	7,648
	25,653	35,189

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 is granted.

10. Deposits and cash

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Deposits with banks and other financial institutions	1,602,747	1,576,711
Cash at bank	188,486	176,955
	1,791,233	1,753,666
Less: Deposits with maturity greater than three months	(106,268)	(93,966)
Cash and cash equivalents in the condensed consolidated cash flow statement	1,684,965	1,659,700

11. Bank loans, secured

(a) At 30 June 2014 and 31 December 2013, the secured bank loans were repayable as follows:

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Within one year or on demand	73,494	71,602
After one year but within two years	40,310	40,326
After two years but within five years	171,320	181,467
	211,630	221,793
	285,124	293,395

(b) At 30 June 2014, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

- (i) properties held for sale with a carrying value of HK\$63,898,000 (31 December 2013: HK\$63,898,000),
- (ii) hotel property of the Group with aggregate carrying value of HK\$645,112,000 (31 December 2013: HK\$623,882,000), and
- (iii) bank deposits of HK\$185,557,000 (31 December 2013: HK\$185,614,000).

Such banking facilities amounted to HK\$737,962,000 (31 December 2013: HK\$730,181,000) and were utilised to the extent of HK\$285,124,000 (31 December 2013: HK\$293,395,000).

12. Trade and other payables

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

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Due within one month or on demand	19,981	21,920
Due after one month but within three months	3,479	9,367
Due after three months	5,271	16,390
	28,731	47,677

13. Loans from non-controlling shareholders

At 30 June 2014, loans from non-controlling shareholders of one of the Group's subsidiaries are unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$106,438,000 (before the effect of discounting in the amount of HK\$4,933,000) (31 December 2013: nominal value of HK\$108,663,000 (before the effect of discounting in the amount of HK\$8,134,000)) which are repayable on 30 April 2015.

14. Capital, reserves and dividends**(a) Dividends**

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

	2014 HK\$'000	2013 HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.03 per share (2013: HK\$0.03 per share)	10,206	10,206

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

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.15 per share (six months ended 30 June 2013: HK\$0.17 per share)	51,030	57,834

14. Capital, reserves and dividends *(continued)*

(b) Share capital

As at 31 December 2013, 500,000,000 ordinary shares, with par value of \$1 each, were authorised for issue, included in which 340,200,000 ordinary shares were fully paid. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amount of HK\$158.1 million standing to the credit of the share premium account on 3 March 2014 became part of the Company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

(c) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 14(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

15. Fair value measurement of financial instruments

(a) Financial assets and liabilities carried at fair value

The Group's available-for-sale securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13.

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: 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.

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

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders with a repayment date at 30 April 2015, the carrying amount of which at 30 June 2014, was HK\$101,505,000 (31 December 2013: HK\$100,529,000), approximating its fair value, with the face value of loans in the amount of HK\$106,438,000 (31 December 2013: HK\$108,663,000). The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

16. Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Contracted for	41,436	38,795
Authorised but not contracted for	7,729	2,748
	49,165	41,543

17. Material related party transactions

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

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2014. Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2014. Mr 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.

		Six months ended 30 June	
	Note	2014 HK\$'000	2013 HK\$'000
(a) Transactions with Goodland			
Rental income receivable	(i)	359	491
Management fee payable	(ii)	2,230	1,602
Interest expense payable	(iv)	22	18
		At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
(b) Balances with Goodland			
Loan from Goodland	(iii)	51,584	50,941
Amount due to Goodland	(iv)	19,183	20,963
(c) Balances with KC Ho			
Loan from KC Ho	(iii)	12,495	12,340
Amounts due to KC Ho	(v)	4,049	4,060

17. Material related party transactions *(continued)*

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.
- (ii) Certain subsidiaries of the Company paid management fees to Goodland.
- (iii) At 30 June 2014, loans from non-controlling shareholders (note 13) included loan from Goodland in nominal value of HK\$54,154,000 (31 December 2013: HK\$55,063,000) before the effect of discounting in the amount of HK\$2,570,000 (31 December 2013: HK\$4,122,000) and loan from KC Ho in nominal value of HK\$13,118,000 (31 December 2013: HK\$13,338,000) before the effect of discounting in the amount of the HK\$623,000 (31 December 2013: HK\$998,000) which were unsecured, interest-free and repayable on 30 April 2015.
- (iv) At 30 June 2014, the amount due to Goodland of HK\$19,183,000 (31 December 2013: HK\$20,963,000) comprises of:
 - interest bearing accounts with certain subsidiaries of the Company amounting to HK\$2,816,000 (31 December 2013: HK\$3,827,000). Interest payable by the subsidiaries amounted to HK\$22,000 for the six months ended 30 June 2014 (2013: HK\$18,000).
 - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,367,000 (31 December 2013: HK\$17,136,000).The balances are unsecured and repayable on demand.
- (v) Amounts due to KC Ho represent non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.

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

18. Contingent liabilities

- (a) At 30 June 2014, 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 2013: HK\$8,252,000).
- (b) At 30 June 2014, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$36,340,000 (C\$5,000,000) (31 December 2013: HK\$36,415,000 (C\$5,000,000)).

At 30 June 2014, 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 received or paid any fee in respect of any of the above guarantees.

19. Non-adjusting event after the reporting period

On 13 August 2014, the Group entered into a purchase and sale agreement to purchase a hotel property located in New York City, New York, United States, at the purchase price of US\$273,000,000 (equivalent to approximately HK\$2,115,750,000) from an independent third party. Details of which are set out in the Group's announcement made to the Hong Kong Stock Exchange on 14 August 2014.