



KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資(香港)有限公司

(Incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 00184)

2005 INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)

The Directors of Keck Seng Investments (Hong Kong) Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”), and associated companies for the six months ended 30 June 2005. These results have been reviewed by the Company’s auditors, KPMG, in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” and by the Audit Committee of the Board of Directors. The unmodified review report of the auditors will be included in the interim report sent to the equity holders of the Company.

The consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2005 increased to HK\$91.2 million (HK\$ 26.8 cents per share) from HK\$32.2 million (HK\$ 9.5 cents per share) in the same period last year.

The Directors have declared an interim dividend of HK\$ 4 cents per share for 2005 (2004: HK\$ 1.5 cents per share) payable on Wednesday, 2 November 2005, to shareholders whose names appear on the register of members of the Company on 20 October 2005.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Six months ended 30 June	
		2005	2004
			(restated)
	Note	HK\$'000	HK\$'000
Turnover	4	296,213	183,415
Cost of sales		(51,234)	(51,505)
		244,979	131,910
Valuation gains on investment properties		14,000	–
Other revenue		6,180	3,055
Other net loss	5	(27,369)	(3,973)
Direct operating expenses		(10,476)	(7,753)
Marketing and selling expenses		(6,478)	(7,001)
Depreciation and amortisation		(48,429)	(46,744)
Administrative and other operating expenses		(42,317)	(33,408)
Profit from operations		130,090	36,086
Finance costs	6(a)	(4,935)	(3,590)
Share of profits less losses of associates		15,693	8,725
Profit before taxation	6	140,848	41,221
Income tax	7	(19,683)	4,126
Profit after taxation		121,165	45,347
Attributable to:			
Equity holders of the Company		91,205	32,287
Minority interests		29,960	13,060
Profit after taxation		121,165	45,347
Dividend attributable to the interim period:			
Interim dividend declared after the interim period end – HK4 cents (2004: HK1.5 cents) per share	8	13,608	5,103
Basic earnings per share	9	26.8 cents	9.5 cents

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	As at 30 June 2005	As at 31 December 2004 (restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Investment properties	172,000	158,000
Other properties, plant and equipment	765,512	808,875
Interest in leasehold land held for own use under an operating lease	120,566	123,481
Interest in associates	360,351	353,677
Available-for-sale securities	822	818
	<u>1,419,251</u>	<u>1,444,851</u>
Current assets		
Properties under development	106,841	85,475
Properties held for sale	208,040	238,833
Inventories	3,621	3,761
Trade and other receivables	103,781	27,734
Cash and cash equivalents	483,618	444,794
	<u>905,901</u>	<u>800,597</u>
Current liabilities		
Bank overdrafts	–	39
Bank loans	102,653	115,442
Trade and other payables	91,255	92,770
Amounts due to an affiliated company	11,067	77,855
Loans from associates	1,364	1,364
Loans from minority shareholders	–	30,222
Taxation	60,322	43,566
	<u>266,661</u>	<u>361,258</u>
Net current assets	<u>639,240</u>	<u>439,339</u>
Total assets less current liabilities	<u>2,058,491</u>	<u>1,884,190</u>
Non-current liabilities		
Bank Loans	137,384	170,265
Loans from minority shareholders	197,309	100,669
Deferred tax liabilities	4,595	2,915
	<u>339,288</u>	<u>273,849</u>
Net assets	<u>1,719,203</u>	<u>1,610,341</u>
Capital and reserves		
Share capital	340,200	340,200
Reserves	1,175,154	1,083,908
	<u>1,515,354</u>	<u>1,424,108</u>
Total equity attributable to equity holders of the Company	<u>1,515,354</u>	<u>1,424,108</u>
Minority interests	<u>203,849</u>	<u>186,233</u>
Total equity	<u>1,719,203</u>	<u>1,610,341</u>

Notes to the Consolidated Financial Statements

1. Basis of preparation

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 28 September 2005.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2 below.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2004 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 financial information relating to the financial year ended 31 December 2004 that is included in the interim financial statements as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 April 2005.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs, which term collectively includes HKASs, Hong Kong (Standing Interpretations Committee) (“HK(SIC)”) Interpretations and other Interpretations that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group’s annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial statements. Therefore, the policies that will be applied in the Group’s financial statements for that period cannot be determined with certainty at the date of issuance of the interim financial statements.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in the interim financial statements.

a. Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)

(i) *Timing of recognition of movements in fair value in the income statement*

In prior years, movements in the fair value of the Group’s investment properties were recognised directly in the investment property revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances, movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 January 2005:

- all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40; and
- land held for an undetermined future purpose is recognised as “investment property” if the property is freehold or, if the property is leasehold, the Group has chosen to recognise such land as investment property rather than as land held under an operating lease. As such, movements in the fair value of land held for an undetermined future purpose are also now recognised directly in the income statement as they arise in accordance with the fair value model.

These changes in accounting policy have been adopted retrospectively by increasing the opening balance of revenue reserves as of 1 January 2005 by HK\$19,576,000 (1 January 2004: HK\$10,927,000) to include all of the Group's previous investment property revaluation reserve.

As a result of this new policy, the Group's profit before taxation for the six months ended 30 June 2005 has increased by HK\$14,000,000 before considering the minority interests' effect of HK\$3,527,000 (six months ended 30 June 2004: HK\$Nil), being the net increase in the fair value of the Group's investment properties.

(ii) *Measurement of deferred tax on movements in fair value*

In prior years, the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1 January 2005, in accordance with HK(SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

The change in accounting policy has been adopted retrospectively by reducing the opening balance of revenue reserves as of 1 January 2005 by HK\$2,915,000 before considering the effect of minority interests of HK\$566,000 (1 January 2004: HK\$1,595,000 before considering the effect of minority interests of HK\$284,000) and increasing deferred tax liabilities by the same amount.

As a result of this new policy, the Group's taxation expense for the six months ended 30 June 2005 has increased by HK\$1,680,000 (six months ended 30 June 2004: HK\$Nil).

b. Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and impairment losses. Depreciation on hotel properties is provided on a straight line basis over the shorter of the joint venture period and 25 years on the cost of the hotel properties. Depreciation on land and buildings and other properties is provided on a straight line basis over the unexpired period of the lease.

With the adoption of HKAS 17 as from 1 January 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land can be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

Any pre-paid land premiums for acquiring the land leases, or other lease payments, are amortised on a straight line basis over the lease term. If the property is in the course of development or re-development, or the property is otherwise being used in the production of inventory, the amortisation charge is included as part of the costs of the property under development or other inventory. In all other cases the amortisation charge for the period is recognised in the income statement immediately.

Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment. The buildings are stated at cost less accumulated depreciation, to be consistent with the new policy required to be adopted for the land element.

The adoption of HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the classification of leasehold land relating to hotel properties and other properties and the depreciation thereof.

The change in accounting policy has been adopted retrospectively which has had the effect of reducing the opening balance of revenue reserves as of 1 January 2005 and 2004 by HK\$8,474,000, after considering the minority interests' effect of HK\$4,772,000. In prior years, the Group did not commence amortisation of the costs of land use rights until the buildings constructed thereon were completed and had started to generate revenue for the Group. The retrospective adjustment represents the amortisation of such land use rights from the date of acquisition as required by HKAS 17.

This change in accounting policy does not have any material effect on the financial statements for the periods ended 30 June 2005 and 2004.

c. **Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)**

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to equity holders of the Company.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

3. **Summary of the effect of changes in the accounting policies**

a. **Effect on opening balance of total equity at 1 January 2004 and 1 January 2005**

Adjustments that have been made to the opening balances at 1 January 2005, representing the aggregate effect of retrospective adjustments to the net assets as at 31 December 2004:

	Revenue reserves <i>HK\$'000</i>	Capital and other reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Effect of new policy – increase/(decrease)					
Prior period adjustments:					
HKAS 17 – Leasehold land and building held for own use (<i>Note 2b</i>)	(8,474)	–	(8,474)	(4,772)	(13,246)
HKAS 40 – Investment properties (<i>Note 2a(i)</i>)	19,576	(19,576)	–	–	–
HK(SIC) Interpretation 21 – Deferred taxation (<i>Note 2a(ii)</i>)	(2,349)	–	(2,349)	(566)	(2,915)
	<u>8,753</u>	<u>(19,576)</u>	<u>(10,823)</u>	<u>(5,338)</u>	<u>(16,161)</u>
Total effect at 1 January 2005	<u>8,753</u>	<u>(19,576)</u>	<u>(10,823)</u>	<u>(5,338)</u>	<u>(16,161)</u>

Adjustments that have been made to the opening balances at 1 January 2004:

	Revenue reserves <i>HK\$'000</i>	Capital and other reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Effect of new policy – increase/(decrease)					
HKAS 17 – Leasehold land and building held for own use (<i>Note 2b</i>)	(8,474)	–	(8,474)	(4,772)	(13,246)
HKAS 40 – Investment properties (<i>Note 2a(i)</i>)	10,927	(10,927)	–	–	–
HK(SIC) Interpretation 21 – Deferred taxation (<i>Note 2a(ii)</i>)	(1,311)	–	(1,311)	(284)	(1,595)
	<u>1,142</u>	<u>(10,927)</u>	<u>(9,785)</u>	<u>(5,056)</u>	<u>(14,841)</u>
Total effect at 1 January 2004	<u>1,142</u>	<u>(10,927)</u>	<u>(9,785)</u>	<u>(5,056)</u>	<u>(14,841)</u>

b. Effect on profit after taxation for the six months ended 30 June 2005 (estimated) and 30 June 2004 (as adjusted)

In respect of the six month period ended 30 June 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates. In respect of the six month period ended 30 June 2004, the table discloses the adjustments that have been made to the profits as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs.

	Six months ended 30 June 2005			Six months ended 30 June 2004		
	Equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000	Equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
Effect of new policy – increase/(decrease)						
HKAS 40 – Investment properties (Note 2a(i))	10,473	3,527	14,000	–	–	–
HK(SIC) Interpretation 21 – Deferred taxation (Note 2a(ii))	(1,257)	(423)	(1,680)	–	–	–
Total effect for the period	<u>9,216</u>	<u>3,104</u>	<u>12,320</u>	<u>–</u>	<u>–</u>	<u>–</u>
Effect on earnings per share – basic	<u>HK2.7 cents</u>			<u>–</u>		

c. Effect on net income recognised directly in equity for the six months ended 30 June 2005 (estimated) and 30 June 2004 (as adjusted)

In respect of the six month period ended 30 June 2005, the following table provides estimates of the extent to which the income or expenses recognised directly in equity are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30 June 2004, the table discloses the adjustments that have been made to the net income or expenses as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs.

	Six months ended 30 June 2005			Six months ended 30 June 2004		
	Equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000	Equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
Effect of new policy – increase/(decrease)						
HKAS 40 Investment properties – effect on investment property revaluation reserve (Note 2a(i))	(10,473)	(3,527)	(14,000)	–	–	–
Total effect for the period	<u>(10,473)</u>	<u>(3,527)</u>	<u>(14,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>

4. Segmental information

The Group's business operations are mainly divided into Macau, the People's Republic of China ("PRC"), Vietnam, Canada and other markets classified by the location of assets. The analysis of the geographical locations of the Group's operations during the financial period is as follows:

	Six months ended 30 June 2005 (HK\$'000)					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	163,813	19,131	106,770	474	6,025	296,213
Other revenue						
– allocated	4,745	181	38	–	–	4,964
– unallocated	–	–	–	–	1,216	1,216
Total revenue	168,558	19,312	106,808	474	7,241	302,393
Segment result	119,358	(3,151)	18,410	(184)	(4,343)	130,090
Finance costs	(37)	(734)	–	–	(4,164)	(4,935)
Share of profits less losses of associates	–	3,649	6,749	5,296	(1)	15,693
Profit before taxation						140,848
Income tax						(19,683)
Profit after taxation						121,165
Profit attributable to equity holders of the Company						91,205
Minority interests						29,960
Depreciation and amortisation	2,029	6,720	39,592	–	88	48,429
	Six months ended 30 June 2004 (restated) (HK\$'000)					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	92,767	17,833	72,097	406	312	183,415
Other revenue						
– allocated	2,209	186	118	–	–	2,513
– unallocated	–	–	–	–	542	542
Total revenue	94,976	18,019	72,215	406	854	186,470
Segment result	47,411	(3,590)	(7,063)	(67)	(605)	36,086
Finance costs	(83)	(813)	–	–	(2,694)	(3,590)
Share of profits less losses of associates	(1)	2,753	3,750	2,223	–	8,725
Profit before taxation						41,221
Income tax credit						4,126
Profit after taxation						45,347
Profit attributable to equity holders of the Company						32,287
Minority interests						13,060
Depreciation and amortisation	2,041	6,094	38,521	–	88	46,744

An analysis of the Group's turnover for the six months ended 30 June 2005 by business segments is as follows:

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proceeds from sale of properties	161,357	84,979
Hotel and club operations	127,677	92,089
Rental income	4,560	3,914
Management fee received	2,619	2,433
	<u>296,213</u>	<u>183,415</u>

5. Other net loss

Other net loss represents net exchange losses.

6. Profit from ordinary activities before taxation

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

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
		<i>HK\$'000</i>
<i>(a) Finance costs:</i>		
Interest on bank overdraft and other advances wholly repayable within five years	2,527	2,630
Interest on other loans	2,375	905
Interest paid on amounts due to an affiliated company	33	55
	<u>4,935</u>	<u>3,590</u>
		(restated)
		<i>HK\$'000</i>
<i>(b) Other items:</i>		
Amortisation of land lease premium	3,004	2,854
Less: amortisation capitalised into properties under development	(89)	(89)
	<u>2,915</u>	<u>2,765</u>
Staff costs (including retirement costs of HK\$300,000 (2004: HK\$361,000))	12,587	11,498
Cost of properties sold	31,044	27,171
Cost of inventories	12,555	10,198
Depreciation	45,514	43,979
Dividend income from listed investments	(21)	(16)
Interest income	(4,964)	(2,029)
Provisions for construction costs released to cost of sales (<i>Note</i>)	-	(16,866)

Note:

The financial statements include provisions for construction costs for work performed, which are estimated based on information available to the Directors, including independent surveyors' reports, where applicable. Upon completion of certain units of a property development during the period ended 30 June 2004, the Directors reassessed the adequacy of provisions for construction costs for this property development based on information provided by an independent surveyor, and provisions for construction costs amounting to HK\$16,866,000 were released to cost of sales in the consolidated income statement for the six months ended 30 June 2004.

7. Income tax

Taxation is calculated at the rate of 17.5% (2004: 17.5%) on Hong Kong assessable profits and at the applicable rates on overseas assessable profits. The taxation credit/(charge) is made up as follows:

	Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
Provision for Hong Kong Profits Tax for the period	–	–
Overseas taxation		
– Current period	(17,554)	(8,205)
– Prior periods	817	13,282
Deferred taxation	(1,680)	–
	<hr/>	<hr/>
	(18,417)	5,077
Share of associates' taxation	(1,266)	(951)
	<hr/>	<hr/>
Income tax	<u>(19,683)</u>	<u>4,126</u>

8. Dividend

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

9. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$91,205,000 (2004: HK\$32,287,000) and 340,200,000 ordinary shares in issue during both periods.

OPERATIONS REVIEW

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

Macau

The Group's turnover from operations is derived principally from the sale and leasing of properties in Macau. In the first half of 2005, turnover in Macau increased to HK\$163.8 million, an increase of 77% over the same period in 2004. The Group benefited from the robust strength of the Macau property market and the premium product image of *Ocean Gardens*, the Group's major residential development project in Macau. The sale of Orchid Court in Ocean Gardens received a favourable response from the market and was a major contributor to the Group's turnover in the first half of 2005.

Vietnam

In the first half of 2005, turnover at the *Sheraton Saigon Hotel and Towers and Executive Residences* increased to HK\$106.8 million, an increase of 48% as compared to the same period in 2004. The hotel continues to be the leading hotel in Ho Chi Minh City both in terms of room rates and occupancy rates, despite an increase of hotel rooms in the market.

Share of profits from *Caravelle Hotel* in Ho Chi Minh City also increased to HK\$6.7 million in the first half of 2005, an increase of 80% as compared to the same period in 2004.

PRC

In the first half of 2005, both room rates and occupancy rates improved at the *Holiday Inn Riverside Wuhan*. Turnover increased by 7% to HK\$19.1 million. This increase was achieved despite a competitive hotel market in Wuhan with new hotels entering into the market.

Due to improved property market conditions in Beijing, profit contribution from the *Beijing Riviera* property increased to HK\$3.6 million during the first half of 2005, an increase of 33% compared to the same period in 2004.

Canada

During the first half of 2005, *Sheraton Ottawa Hotel* in Ottawa, *DoubleTree International Plaza Hotel* in Toronto, and *Four Points Hotel by Sheraton* in Quebec all reported improved room rates and occupancy rates as compared to 2004. As a result, there was an overall improvement in profit contribution from Canadian operations and investments.

FINANCIAL REVIEW

The Group's turnover was HK\$296.2 million for the first six months of 2005, an increase of 61% over the corresponding period in 2004. 54% (2004: 46%) of the Group's turnover was generated by the sale of properties. During the period under review, revenue from hotel and club operations amounted to HK\$127.7 million, an increase of 39% as compared to HK\$92.1 million in the corresponding period in 2004. A profit attributable to equity holders of the Company of HK\$91.2 million was reported as compared to HK\$32.3 million for the corresponding period in 2004.

As of 30 June 2005, the Group had total bank loans and other borrowings of HK\$438.7 million whilst cash equivalents amounted to HK\$483.6 million. Accordingly, the ratio of net borrowings to total assets was not applicable. Of the total amount of bank borrowings of HK\$240.0 million, HK\$102.7 million are repayable within twelve months and the remaining amounts of HK\$93.2 million and HK\$44.2 million are repayable within two to five years and after five years respectively.

The Group's borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Hong Kong dollars, Euros, Australian dollars and United States dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Directors believe the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 30 June 2005, the secured bank loan facilities granted to the Group were secured by mortgages over the Group's properties, including investment properties, other properties, a hotel property and properties held for sale with an aggregate carrying value of approximately HK\$924.0 million.

CONTINGENT LIABILITIES

At 30 June 2005, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties under development amounting to HK\$6,311,000.

At 30 June 2005, guarantees given by the Company to banks to secure banking facilities made available to certain subsidiaries and associates amounted to HK\$134,451,000 and HK\$65,503,000 respectively.

At 30 June 2005, a joint and several guarantee to the extent of HK\$31,705,000 was given by the Company and a subsidiary to a bank to secure banking facilities made available to its associate.

To finance the capital expenditure of its subsidiary, an intermediate subsidiary provided a guarantee to a bank to secure a banking facility made available to the Company. At 30 June 2005, the guarantee granted by the subsidiary amounted to HK\$62,120,000.

Pursuant to the revised agreement with the Macau SAR Government on 29 August 2003, a subsidiary of the Group is required to complete the remaining phase of the development project in Ocean Gardens by 4 September 2005. Failure to complete the remaining phase of the development by the deadline would give rise to the possibility of fines being imposed by the Macau SAR Government in a manner more particularly described in Note 16(e) on the interim financial report. Delays beyond the 180-day period would give rise to the possibility of rescission of the lease by the Macau SAR Government without compensation to the subsidiary. The remaining phase of the development project was completed prior to 4 September 2005. An application has been put forward to relevant local authorities to effect the issuance of the occupation permit. At the date of this announcement, the occupation permit has not been issued by the local authorities.

PROSPECTS

On the back of strong performance of the Macau economy, selling price of properties in Macau has increased significantly in 2004 and the first half of 2005. The Group took advantage of market conditions and achieved satisfactory sales results in the first half of 2005. The market has since then consolidated. Medium to long-term prospects for the property market, however, remain optimistic.

The Group expects to continue to benefit from the robust economies of Asia, particularly in China and Vietnam where the Group operates and where significant economic growth rates continue to be achieved.

CORPORATE GOVERNANCE

To maintain a solid, balanced and sensible framework of corporate governance has been one of the Company's priorities.

The Hong Kong Stock Exchange had promulgated a new Code on Corporate Governance Practices (the "Code") which became effective as at 1 January 2005.

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

None of the Directors is aware of any information that would reasonably indicate that the Company, is not, or was not for any part of the accounting period covered by the interim results, in compliance with the code provisions (those which became effective for the accounting period commencing 1 January 2005) as stipulated in the Code, except that the Company had not appointed a chief executive officer, since the day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board of Directors of the Company, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board of Directors is of the view that this structure has served the Company well in the past years and does not impair the balance of responsibility between the Board and the management of the business. Further, the non-executive directors of the Company were not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

BOOK CLOSE

The register of members will be closed from Monday, 17 October 2005 to Thursday, 20 October 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tengis Limited, G/F Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 October 2005.

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 2005.

By Order of the Board
Keck Seng Investments (Hong Kong) Limited
HO Kian Guan
Executive Chairman

Hong Kong, 28 September 2005

As at the date of this announcement, the Board of Directors of the Company comprises Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan, Paul as Executive Directors; Mr HO Kian Cheong as Non-Executive Director; and Dr CHAN Yau Hing, Robin, Mr KWOK Chi Shun, Arthur, and Ms WANG Poey Foon, Angela as Independent Non-Executive Directors.

Please also refer to the published version of this announcement in China Daily.