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KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資 (香港) 有限公司

(Incorporated in Hong Kong with limited liability)

Website: www.keckseng.com.hk

(Stock Code: 00184)

2011 FINAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Keck Seng Investments (Hong Kong) Limited (the “Company”) hereby announces the consolidated final results of the Company and its subsidiaries (the “Group”), and associated companies for the year ended 31 December 2011. These results have been reviewed by the Audit Committee of the Board and the figures in respect of the preliminary announcement of these results have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft audited consolidated financial statements for the year and the amounts were found to be in agreement.

The consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2011 was HK\$149,274,000 (HK\$0.439 per share), compared to HK\$270,751,000 (HK\$0.796 per share) in 2010.

The Board has recommended the payment of a final dividend of HK\$0.10 (2010: HK\$0.175) per share for the year. Together with the interim dividend of HK\$0.025 (2010: HK\$0.025) per share, the total dividend for the year ended 31 December 2011 will be HK\$0.125 (2010: HK\$0.20) per share. Subject to equity shareholders’ approval of the payment of the final dividend at the forthcoming Annual General Meeting of the Company, the proposed final dividend is expected to be paid on 19 June 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Note	2011 HK\$'000	2010 HK\$'000
Turnover	3	1,182,136	1,188,469
Cost of sales		(140,328)	(147,874)
		1,041,808	1,040,595
Other revenue	4(a)	27,814	37,086
Other net losses	4(b)	(11,258)	(12,259)
Direct costs and operating expenses		(410,435)	(397,536)
Marketing and selling expenses		(58,526)	(44,541)
Depreciation of fixed assets		(88,690)	(83,563)
Administrative and other operating expenses		(222,201)	(195,044)
		278,512	344,738
Operating profit		278,512	344,738
Increase in fair value of investment properties		53,995	92,251
		332,507	436,989
Finance costs	5(a)	(10,665)	(13,792)
Share of profits less losses of associates		17,060	17,409
		338,902	440,606
Profit before taxation	5	338,902	440,606
Income tax	6	(132,018)	(71,466)
		206,884	369,140
Profit for the year		206,884	369,140
Attributable to:			
Equity shareholders of the Company		149,274	270,751
Non-controlling interests		57,610	98,389
		206,884	369,140
Profit for the year		206,884	369,140
Earnings per share, basic and diluted (cents)	7	43.9	79.6

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 12(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2011 HK\$'000	2010 HK\$'000
Profit for the year	206,884	369,140
Other comprehensive income for the year		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	18,613	57,668
Available-for-sale securities:		
- changes in fair value recognised during the year	<u>(33)</u>	1,675
Total comprehensive income for the year	<u>225,464</u>	428,483
Attributable to:		
Equity shareholders of the Company	167,179	330,065
Non-controlling interests	<u>58,285</u>	98,418
Total comprehensive income for the year	<u>225,464</u>	428,483

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	<i>Note</i>	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Fixed assets	8		
- Investment properties		823,240	749,592
- Other properties and fixed assets		1,247,346	1,178,101
- Interests in leasehold land held for own use under operating lease		248,950	190,513
		2,319,536	2,118,206
Interest in associates		189,231	184,478
Available-for-sale securities		5,005	5,038
		2,513,772	2,307,722
Current assets			
Trading securities		2,132	2,544
Properties held for sale		303,384	306,190
Inventories		4,833	4,127
Trade and other receivables	9	55,081	66,814
Derivative financial assets		1,408	-
Pledged deposits	10	542,416	516,235
Deposits and cash		1,122,512	1,046,376
Taxation recoverable		6,092	219
		2,037,858	1,942,505
Current liabilities			
Bank loans	10	331,024	411,977
Trade and other payables	11	230,381	202,345
Loans from associates		464	1,364
Loans from non-controlling shareholders		34,617	43,477
Amount due to an affiliated company		19,499	17,509
Derivative financial liabilities		-	28,155
Taxation payable		102,585	30,481
		718,570	735,308
Net current assets		1,319,288	1,207,197
Total assets less current liabilities		3,833,060	3,514,919
Non-current liabilities			
Bank loans	10	593,332	358,018
Loans from non-controlling shareholders		42,713	39,631
Loan from an affiliated company		44,958	43,122
Deferred tax liabilities		69,792	56,125
		750,795	496,896
NET ASSETS		3,082,265	3,018,023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December*

	<i>Note</i>	2011 HK\$'000	2010 HK\$'000
Capital and reserves			
Share capital		340,200	340,200
Reserves		2,267,667	2,173,188
Total equity attributable to equity shareholders of the Company		2,607,867	2,513,388
Non-controlling interests		474,398	504,635
TOTAL EQUITY		3,082,265	3,018,023

Notes:

1. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010, with the addition of the new and revised HKFRSs as set out in note 2.

2. Changes in accounting policies

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

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)

The impacts of these developments are:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group’s related party disclosures in the current and previous years. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to HKFRSs (2010) omnibus standard introduce a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. The disclosures about the Group’s financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the consolidated financial statements of the Group in the current and previous years.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to HKAS 12, Income taxes (the “Amendments”) in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, Investment property. The Amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the Amendments, the Group has adopted the Amendments early to the financial statements for the year ended 31 December 2010.

3. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following four reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

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

Segment results, assets and liabilities

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.

Segment liabilities include all trade and other payable attributable to the individual segments and other borrowings managed directly by the segments.

Analysis of segment results of the Group

	<i>External turnover</i>	<i>Inter-segment turnover</i>	<i>Total turnover</i>	<i>Depreciation of fixed assets</i>	<i>Finance costs</i>	<i>Share of results of associates</i>	<i>Income tax</i>	<i>Contribution to profit</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2011								
Hotel operations	1,084,895	-	1,084,895	(79,115)	(7,753)	17,069	(119,671)	140,370
- Vietnam	628,957	-	628,957	(36,879)	-	14,764	(105,595)	102,693
- United States	373,619	-	373,619	(26,227)	(7,753)	-	(14,072)	24,163
- The People's Republic of China	71,129	-	71,129	(12,887)	-	-	-	16,681
- Canada	-	-	-	-	-	2,305	-	2,305
- Japan	11,190	-	11,190	(3,122)	-	-	(4)	(5,472)
Property development	17,191	-	17,191	-	-	-	-	14,385
- Macau	17,191	-	17,191	-	-	-	-	14,385
Property investment	77,318	1,469	78,787	(9,490)	(487)	-	(12,060)	78,570
- Macau	46,507	1,469	47,976	(9,490)	(298)	-	(10,422)	59,126
- Japan	30,811	-	30,811	-	(189)	-	(1,638)	19,444
Investment and corporate	2,732	-	2,732	(85)	(2,425)	(9)	(287)	(26,441)
- Macau	-	-	-	-	-	(9)	-	515
- Others	2,732	-	2,732	(85)	(2,425)	-	(287)	(26,956)
Inter-segment elimination	-	(1,469)	(1,469)	-	-	-	-	-
Total	1,182,136	-	1,182,136	(88,690)	(10,665)	17,060	(132,018)	206,884

	<i>External turnover</i>	<i>Inter-segment turnover</i>	<i>Total turnover</i>	<i>Depreciation of fixed assets</i>	<i>Finance costs</i>	<i>Share of results of associates</i>	<i>Income tax</i>	<i>Contribution to profit</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2010								
Hotel operations	1,020,383	-	1,020,383	(74,012)	(12,672)	17,413	(41,466)	202,232
- Vietnam	616,955	-	616,955	(38,707)	-	13,242	(30,303)	172,118
- United States	342,618	-	342,618	(24,271)	(12,672)	-	(11,163)	16,943
- The People's Republic of China	60,810	-	60,810	(11,034)	-	-	-	9,000
- Canada	-	-	-	-	-	4,171	-	4,171
Property development	106,339	-	106,339	-	-	-	-	88,251
- Macau	106,339	-	106,339	-	-	-	-	88,251
Property investment	59,182	1,933	61,115	(9,475)	(31)	-	(29,681)	81,967
- Macau	39,661	1,933	41,594	(9,475)	(31)	-	(15,912)	18,348
- Japan	19,521	-	19,521	-	-	-	(13,769)	63,619
Investment and corporate	2,565	-	2,565	(76)	(1,089)	(4)	(319)	(3,310)
- Macau	-	-	-	-	-	(4)	-	12,263
- Others	2,565	-	2,565	(76)	(1,089)	-	(319)	(15,573)
Inter-segment elimination	-	(1,933)	(1,933)	-	-	-	-	-
Total	1,188,469	-	1,188,469	(83,563)	(13,792)	17,409	(71,466)	369,140

Analysis of total assets of the Group

	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
At 31 December 2011				
Hotel operations				
- Vietnam	517,245	96,963	614,208	7,518
- United States	732,532	-	732,532	31,840
- The People's Republic of China	233,417	-	233,417	8,035
- Canada	-	88,124	88,124	-
- Japan	179,753	-	179,753	162,439
Property development	304,157	-	304,157	-
Property investment				
- Macau	701,535	-	701,535	1,943
- Japan	500,731	-	500,731	55
Investment and corporate	1,193,029	4,144	1,197,173	-
Total	4,362,399	189,231	4,551,630	211,830
	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
At 31 December 2010				
Hotel operations				
- Vietnam	570,188	89,843	660,031	4,422
- United States	740,077	-	740,077	8,782
- The People's Republic of China	219,057	-	219,057	11,793
- Canada	-	89,657	89,657	-
Property development	315,210	-	315,210	-
Property investment				
- Macau	572,234	-	572,234	299
- Japan	478,681	-	478,681	341,996
Investment and corporate	1,170,302	4,978	1,175,280	-
Total	4,065,749	184,478	4,250,227	367,292

Analysis of total liabilities of the Group

	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
At 31 December 2011			
Hotel operations			
- Vietnam	209,830	-	209,830
- United States	59,232	345,296	404,528
- The People's Republic of China	103,516	-	103,516
- Canada	-	-	-
- Japan	1,902	-	1,902
Property development	-	-	-
Property investment			
- Macau	82,403	-	82,403
- Japan	25,666	268,257	293,923
Investment and corporate	62,460	310,803	373,263
Total	<u>545,009</u>	<u>924,356</u>	<u>1,469,365</u>

	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
At 31 December 2010			
Hotel operations			
- Vietnam	106,722	-	106,722
- United States	57,798	378,254	436,052
- The People's Republic of China	99,241	-	99,241
- Canada	-	-	-
Property development	-	-	-
Property investment			
- Macau	76,258	-	76,258
- Japan	24,638	-	24,638
Investment and corporate	97,552	391,741	489,293
Total	<u>462,209</u>	<u>769,995</u>	<u>1,232,204</u>

4. Other revenue and other net losses

	2011 HK\$'000	2010 HK\$'000
(a) <i>Other revenue</i>		
Interest income from bank deposits	24,396	32,546
Dividend income from listed available-for-sale and trading securities	209	95
Other revenue from hotel and club operations and miscellaneous income	3,209	4,445
	<u>27,814</u>	<u>37,086</u>
(b) <i>Other net losses</i>		
Net exchange losses	(10,995)	(11,728)
Net realised and unrealised (losses)/ gains on trading securities	(412)	3
Gain/(loss) on disposal of fixed assets	44	(534)
Others	105	-
	<u>(11,258)</u>	<u>(12,259)</u>

5. Profit before taxation

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

	2011 HK\$'000	2010 HK\$'000
(a) <i>Finance costs</i>		
Interest on bank loans and other borrowings wholly repayable within five years	10,134	11,496
Interest paid on amount due to an affiliated company	11	6
Other borrowing costs	520	2,290
	<u>10,665</u>	<u>13,792</u>
(b) <i>Staff costs</i>		
Salaries, wages and other benefits	213,336	199,994
Contributions to defined contribution retirement plans	2,412	2,252
	<u>215,748</u>	<u>202,246</u>
(c) <i>Other items</i>		
Cost of properties sold	2,806	18,088
Cost of inventories	137,522	129,786
Net loss on forward foreign exchange contracts	7,476	28,154
Auditors' remuneration		
- Audit services	1,946	1,773
- Other services	743	791
Operating lease charges for hire of premises	3,428	3,485
Rentals receivable from investment properties less direct outgoings of HK\$12,500,000 (2010: HK\$8,922,000)	(50,620)	(40,121)
Other rental income less direct outgoings	(9,398)	(9,214)

6. Income tax

	2011 HK\$'000	2010 HK\$'000
<i>Current tax - Overseas</i>		
Provision for the year	52,759	39,255
Under-provision in respect of prior years (note (iii))	65,561	2,561
	<u>118,320</u>	<u>41,816</u>
<i>Deferred tax</i>		
Change in fair value of investment properties	6,747	3,560
Withholding tax on the distributable profits	(491)	15,905
Origination and reversal of other temporary differences	7,524	10,787
Future benefit of tax losses recognised	(82)	(602)
	<u>13,698</u>	<u>29,650</u>
	<u>132,018</u>	<u>71,466</u>

Notes:

- (i) In 2011 and 2010, no provision was made for Hong Kong Profits Tax as the Company sustained a loss for taxation purpose for both years. All other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes in 2011 and 2010.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (iii) A subsidiary of the Group is in discussion with the local tax authority in Vietnam in respect of the tax enquiries relating to the tax provision payable on slot machine operation and management fees. Provisions have been made only to the extent that the tax risk can be reliably measured. In 2011, an additional provision of HK\$66,110,000 (2010: HK\$4,662,000) was made as part of the under-provision for income tax. However, the final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provision.

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\$149,274,000 (2010: HK\$270,751,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2011 and 31 December 2010.

There is no potential diluted ordinary share during the years ended 31 December 2011 and 31 December 2010.

8. Fixed assets

During the year ended 31 December 2011, the Group acquired a hotel property situated in Osaka City, Japan from independent third parties with aggregate consideration of JPY1,644,792,000 (equivalent to approximately HK\$160,696,000).

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:

	2011	2010
	HK\$'000	HK\$'000
Current or less than one month	18,252	23,012
One to three months	10,573	10,701
More than three months but less than twelve months	5	98
	28,830	33,811

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 to 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. The exposures to these credit risks (including loans to associates) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

10. Bank loans

	2011	2010
	HK\$'000	HK\$'000
Repayable within one year or on demand	331,024	411,977
Repayable after one year but within two years	325,075	20,236
Repayable after two years but within five years	268,257	337,782
	593,332	358,018
	924,356	769,995
Unsecured	40,756	10,000
Secured	883,600	759,995
	924,356	769,995

At 31 December 2011, the bank loans were secured by:

- (i) land and building on Taipa Island, Macau classified as properties held for sale with a carrying value of HK\$85,424,000 (2010: HK\$93,431,000),
- (ii) hotel property and investment properties of the Group with aggregate carrying value of HK\$1,156,961,000 (2010: HK\$678,879,000),
- (iii) bank deposits and accrued interest of HK\$542,416,000 (2010: HK\$516,235,000), and
- (iv) equity securities with fair value of HK\$2,132,000 (31 December 2010: HK\$2,544,000).

11. Trade and other payables

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

	2011	2010
	HK\$'000	HK\$'000
Due within one month or on demand	17,578	11,722
Due after one month but within three months	7,750	5,772
Due after three months	56,337	44,975
	81,665	62,469

12. Dividends

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

	2011	2010
	HK\$'000	HK\$'000
Interim dividend declared and paid of HK\$0.025 (2010: HK\$0.025) per ordinary share	8,505	8,505
Final dividend proposed after the end of the reporting period of HK\$0.10 (2010: HK\$0.175) per ordinary share	34,020	59,535
	42,525	68,040

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

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2011	2010
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.175 (2010: HK\$0.175) per ordinary share	59,535	59,535

13. Commitments

- (a) At 31 December 2011, capital commitments outstanding not provided for in the financial statements are as follows:

	2011	2010
	HK\$'000	HK\$'000
Contracted for	52,862	4,353
Authorised but not contracted for	20,972	19,763
	73,834	24,116

- (b) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011	2010
	HK\$'000	HK\$'000
Leases on premises expiring:		
- within one year	401	384
- after one year but within five years	123	260
	524	644

REVIEW OF OPERATIONS

The Group's turnover for 2011 decreased by 0.5% to HK\$1,182.1 million, as compared to HK\$1,188.4 million in 2010.

A summary and analysis of the operations are as follows.

Vietnam

During the financial year 2011, the Vietnam economy went through a period of slow but steady growth. Total turnover from Vietnam operations rose marginally by 1.9% to HK\$628.9 million as compared to 2010. Due to revised interpretation of Vietnam tax regulations by the Vietnamese Government's Ministry of Finance, the Group has made additional provision for Vietnamese income tax, as a result of which Vietnam's contribution to profit dropped to HK\$102.6 million for the year, a reduction of 40%.

Sheraton Saigon Hotel and Towers The hotel reported an increase in 2011 average room rate to US\$170 per room night, as compared to US\$165 for 2010. Occupancy ratio for 2011 increased to 70%, as compared to 64% in 2010. The hotel continues to be one of the leading luxury hotels in Ho Chi Minh City, and was awarded the Best Business Hotel in Ho Chi Minh City by the Ho Chi Minh City Department of Culture, Sports and Tourism in 2011.

Caravelle Hotel For 2011, average room rate has increased to US\$142 per room night, as compared to US\$138 per room night in 2010. Occupancy ratio for 2011 has increased to 69%, as compared to 63% in the previous year. The hotel's contribution to Group profits has risen to HK\$14.7 million, an increase of 11% as compared to 2010. To consolidate its position as a heritage hotel and to upgrade its facilities, the hotel will be undergoing a series of renovations commencing in 2012.

The United States ("US")

W San Francisco The economy in the US has stabilized in 2011. The hotel has reported for 2011 an increase in average room rate to US\$262 per room night, as compared to US\$232 per room night in 2010. Occupancy has also increased to 83%, as compared to 81% in 2010. Total turnover for the year was HK\$373.6 million. Contribution to profits was HK\$24.1 million.

In recognition of the hotel's conservation efforts, the America's Hotel and Lodging Association has awarded the Stars of the Industry Award for Good Earthkeeping to the hotel. Also, the California's Hotel and Lodging Association has named the General Manager of the Hotel Outstanding General Manager of the Year.

Macau

The Macau property market went through an adjustment in the second half of 2011 as a result of the special stamp duty on property transactions imposed by the Macau SAR Government. In anticipation of a recovery after the adjustment process, the Group has withheld from making substantial sales in a weak market. Contribution to profit from sale of properties was HK\$14.3 million, as compared to HK\$88.2 million in 2010. Rental, on the other hand, has improved due to rising demand resulting from ongoing construction and development projects in COTAI. Contribution to profit for investment properties was HK\$59.1 million in 2011, as compared to HK\$18.3 million in 2010.

The People's Republic of China

Holiday Inn Wuhan Riverside Average room rate during 2011 has increased significantly to Rmb416 per room night, as compared to Rmb359 in 2010. Occupancy ratio has declined marginally in 2011 to 69%, compared to 70% in 2010. Contribution to profit has increased up to HK\$16.6 million for 2011, an increase of 85%.

Canada

The continuing strength of the Canadian dollar relative to the US dollar has continued to make Canada a less attractive destination for business and leisure travels. Contribution to profit by operations in Canada continued to drop for a third consecutive year to HK\$2.3 million in 2011.

The Sheraton Ottawa Hotel In 2011, the hotel has reported an increase in average room rate to C\$149 per room night, as compared to C\$137 in 2010. Occupancy ratio, however, has declined to 70% in 2011, as compared to 73% in 2010.

Doubletree by Hilton, Toronto In 2011, average room rate has declined to C\$105 per room night in 2011, as compared to C\$111 in 2010. Occupancy ratio, on the other hand, has increased to 71% in 2011, as compared to 65% in 2010.

Japan

The Group has completed the acquisition of **Best Western Hotel Fino Osaka Shinsaibashi** in Japan in September 2011. The Group intends to hold this asset for long-term investment. During the period, the hotel's operations have resulted in a loss of HK\$5.4 million to the Group.

For Japan's rental as a whole, segment revenue increased to HK\$30.8 million in 2011, as compared to HK\$19.5 million in 2010. Due to the marginal valuation loss of HK\$54,000 for Japanese investment properties held by the Group for 2011, as compared to the valuation surplus of HK\$64.7 million in 2010, there was a decrease in Japan's contribution to Group profit to HK\$19.4 million in 2011, as compared to HK\$63.6 million in 2010.

Other Net Losses

Net exchange losses for 2011 amounted to HK\$10.9 million, as compared to HK\$11.7 million in 2010.

Net realised and unrealised losses on trading securities amounted to HK\$412,000, as compared to a gain of HK\$3,000 in 2010.

Primarily as a result of the net exchange losses and losses in trading securities, the Group reported other net losses of HK\$11.2 million.

FINANCIAL REVIEW

The Group's turnover was HK\$1,182.1 million for the year ended 31 December 2011, a slight decrease of 0.5% over the corresponding period in 2010. This decrease was primarily attributable to the combined effect of the full year results of the Japan investment properties, which were acquired in February 2010 and June 2010 respectively, and decrease in sales of properties held for sale situated in Macau. Profit from operations was HK\$332.5 million for the year ended 31 December 2011 as compared to HK\$436.9 million in 2010. Profit attributable to equity shareholders amounted to HK\$149.2 million (2010: HK\$270.7 million).

At 31 December 2011, the Group has total bank loans and other borrowings of HK\$1,066.6 million (2010: HK\$915.0 million) and deposits and cash of HK\$1,664.9 million (2010: HK\$1,562.6 million). Of the total bank loans of HK\$924.3 million (2010: HK\$769.9 million), HK\$331.0 million (2010: HK\$411.9 million) are repayable within one year, HK\$325.1 million (2010: HK\$20.2 million) are repayable after one year but within two years and the remaining of HK\$268.2 million (2010: HK\$337.7 million) are repayable after two years but within five years.

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

PLEDGE OF ASSETS

As at 31 December 2011, a hotel property, investment properties and certain properties held for sale with an aggregate value of HK\$1,242.3 million (2010: HK\$772.3 million), bank deposits of HK\$542.4 million (2010: HK\$516.2 million) and equity securities with fair value of HK\$2.1 million (2010: HK\$2.5 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2011, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK\$8.2 million (2010: HK\$8.2 million).

At 31 December 2011, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$37.9 million (2010: HK\$39.0 million).

A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision for these claims has been made in the financial statements for the year ended 31 December 2011.

PROSPECTS

2012 was a year that started with critical sovereign risk issues emanating from Europe, which carried severe consequences for the world economy. The US economy is exhibiting signs of modest recovery, but employment and the housing market has remained weak. China has just announced a projected growth rate that is marginally below that of previous years, signaling the possibility of lower economic activity for China and Asia in general. Against this background, the Group is cautious about its prospects in 2012.

The Group will continue to manage with a view towards sustainable growth for the long term, and will continue to prudently seek investments, which contributes to long-term shareholders value.

PERSONNEL

At 31 December 2011, the Group had approximately 1,814 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 experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year under review.

CORPORATE GOVERNANCE

The Company, for the accounting period covered by the financial statements, had been in compliance with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except that the Company had not appointed a chief executive officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board, 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 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board 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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming Annual General Meeting to be held on 29 May 2012 ("2012 AGM"), the Register of Members of the Company will be closed from Wednesday, 23 May 2012 to Tuesday, 29 May 2012, both days inclusive. In order to qualify for attending and voting at the 2012 AGM, all transfer documents should be lodged for registration with the Company's Share Registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 May 2012.

For the purpose of determining shareholders who qualify for the final dividend (if approved), the Register of Members of the Company will be closed from Monday, 4 June 2012 to Friday, 8 June 2012, both days inclusive. In order to qualify for the final dividend (if approved), all transfer documents should be lodged for registration with the Company's Share Registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 June 2012.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company will be held on Tuesday, 29 May 2012.

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

Hong Kong, 27 March 2012

As at the date of this announcement, the Board of the Company comprises Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan Paul, Mr CHAN Lui Ming Ivan, Ms YU Yuet Chu Evelyn, Mr HO Chung Tao and Mr HO Chung Hui (whose alternate is Mr HO Chung Kain) 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.