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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)

2014 INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)

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.

CONSOLIDATED INCOME STATEMENT (Unaudited)

		Six months ended 30 June	
		2014	2013
	<i>Note</i>	HK\$'000	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		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)	8	48.3	43.0

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Six months ended 30 June	
	2014	2013
	HK\$'000	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:		
Available-for-sale securities:		
- change in fair value recognised during the period	(36)	6,500
- transferred to consolidated income statement on disposal	-	(18,563)
Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	(2,983)	(24,920)
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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2014 HK\$'000	(Audited) At 31 December 2013 HK\$'000
Non-current assets			
Fixed assets			
- 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	10	185,557	185,614
Deposits and cash		1,791,233	1,753,666
		2,318,439	2,291,021
Current liabilities			
Bank loans, secured	10	73,494	71,602
Trade and other payables	11	196,252	212,991
Loan from an associate		464	464
Loans from non-controlling shareholders		132,079	30,372
Amount due to an affiliated company		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
Non-current liabilities			
Bank loans, secured	10	211,630	221,793
Deferred revenue		6,472	6,667
Loans from non-controlling shareholders		-	100,529
Deferred tax liabilities		102,179	90,091
		320,281	419,080
NET ASSETS		3,826,225	3,682,490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		(Unaudited) At 30 June 2014 HK\$'000	(Audited) At 31 December 2013 HK\$'000
Capital and reserves			
Share capital: nominal value		-	340,200
Other statutory capital reserve		-	158,105
		<hr/>	<hr/>
Share capital and other statutory capital reserve	<i>12</i>	498,305	498,305
Other reserves		2,731,076	2,622,173
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		3,229,381	3,120,478
Non-controlling interests		596,844	562,012
		<hr/>	<hr/>
TOTAL EQUITY		3,826,225	3,682,490
		<hr/> <hr/>	<hr/> <hr/>

Notes:

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.

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. Segmental reporting

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

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.

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
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

	<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
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 HK\$7,286,000 (2013: HK\$6,332,000), rental income from properties held for sale of HK\$24,921,000 (2013: HK\$20,967,000), proceeds from the sale of properties held for sale of HK\$Nil (2013: HK\$1,000,000) and club operations and others of HK\$7,008,000 (2013: HK\$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.

Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
At 30 June 2014			
Hotel			
- Vietnam	415,966	129,245	545,211
- United States	733,210	-	733,210
- The People's Republic of China	230,514	-	230,514
- Canada	-	79,993	79,993
- Japan	128,324	-	128,324
Property			
- Macau	1,716,870	-	1,716,870
Investment and corporate	1,152,880	4,137	1,157,017
			<hr/>
Total	4,377,764	213,375	4,591,139
			<hr/> <hr/>

At 31 December 2013

Hotel			
- Vietnam	438,138	120,476	558,614
- United States	725,564	-	725,564
- The People's Republic of China	243,327	-	243,327
- Canada	-	80,107	80,107
- Japan	120,924	-	120,924
Property			
- Macau	1,604,201	-	1,604,201
Investment and corporate	1,138,614	4,137	1,142,751
			<hr/>
Total	4,270,768	204,720	4,475,488
			<hr/> <hr/>

4. Other revenue and net (losses)/gains

(a) *Other revenue*

	Six months ended 30 June	
	2014	2013
	HK\$'000	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

(b) *Other net (losses)/gains*

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	2013
	HK\$'000	HK\$'000
(a) <i>Finance costs:</i>		
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) <i>Staff costs:</i>		
Salaries, wages and other benefits	143,469	141,330
Contributions to defined contribution retirement plans	1,303	1,224
	144,772	142,554
(c) <i>Other items:</i>		
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)
Rental 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. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2014	2013
	HK\$'000	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.

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	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

8. 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.

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	At 31 December
	2014	2013
	HK\$'000	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. 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	<u>73,494</u>	71,602
After one year but within two years	40,310	40,326
After two years but within five years	<u>171,320</u>	181,467
	<u>211,630</u>	221,793
	<u>285,124</u>	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).

11. 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	<u>5,271</u>	16,390
	<u>28,731</u>	47,677

12. Share capital and other statutory capital reserve

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.

13. 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

14. 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.

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 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 Remuneration 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.

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

Hong Kong, 19 August 2014

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, Ms WANG Poey Foon Angela and Mr YU Hon To David as independent non-executive directors.