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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **KECK SENG INVESTMENTS (HONG KONG) LIMITED**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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](http://www.keckseng.com.hk)

(Stock Code: 00184)

**MAJOR TRANSACTION**

**ACQUISITION OF HOTEL PROPERTY**

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A letter from the Board is set out on page 4 to page 10 of this circular.

31 October 2014

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Acquisition”	the acquisition of the Hotel Property by the Purchaser from the Seller pursuant to the Purchase and Sale Agreement
“Board”	the board of Directors
“Closing”	completion of the Acquisition
“Closing Date”	30 October 2014 (New York time), or the date that is 45 calendar days after the expiration of the due diligence period (i.e. 13 November 2014)
“Company”	Keck Seng Investments (Hong Kong) Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap.622), the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars
“Hotel Property”	The hotel facility located at 45 West 44th Street, New York City, New York, United States, and commonly known as the “Sofitel New York”, which includes (but not limited to) the land, all buildings, structures, improvements, fixtures, properties and equipment on the land, all supplies, IT systems, food and beverages, retail merchandise located at the hotel facility, the management agreement, assigned operating agreement and equipment leases regarding the hotel facility, licenses and permits, intellectual property rights, books and records, plans and specifications, warranties and guarantees, bookings and accounts receivables (comprising the guest ledger) in relation to the hotel facility
“Latest Practicable Date”	25 October 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Management Agreement”	the agreement under which the Manager shall provide property management service for the Hotel Property under the Sofitel® brand
“Manager”	Accor Business and Leisure Management, LLC, a limited liability company incorporated in Delaware, United States
“PKF”	PKF Consulting USA, an independent valuer engaged by the Purchaser in relation to the Acquisition
“Purchase and Sale Agreement”	the agreement dated 13 August 2014 between the Purchaser and the Seller and supplemented by the supplemental purchase and sale agreement dated 29 September 2014, pursuant to which the Purchaser has agreed to buy and the Seller has agreed to sell the Hotel Property
“Purchase Price”	the consideration of the Acquisition, being US\$265,000,000 (equivalent to approximately HK\$2,053,750,000), subject to adjustments in accordance with the terms and conditions of the Purchase and Sale Agreement, as set out in the paragraph headed “Purchase Price and Payment Terms” in the Letter from the Board of this circular
“Purchaser”	KSSF Enterprises Ltd., a limited liability company incorporated in California, United States, and a wholly-owned subsidiary of the Company
“Replacement Reserve”	A reserve account established to reserve funds for future replacement of hotel furniture, fixtures and equipment when required
“Seller”	West 44th Street OwnerCo, LLC, a limited liability company incorporated in Delaware, United States
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholders”	the holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Taxes”	All real estate and personal property taxes and special or other assessments or levies in respect of the Hotel Property, sales, revenue and excise taxes relating to the operations of the Hotel Property, room occupancy and use taxes, entertainment taxes, gaming taxes, water and sewer rents, rates and charges and vault charges, other municipal permit fees and governmental assessments
“US”	The United States of America
“US\$”	United States Dollars
“Utilities”	Utilities and fuel, including but not limited to, steam, water, electricity, gas and oil

*In this circular, US\$ has been translated into HK\$ at the rate close to the date of this circular of US\$1 = HK\$7.75 for reference purpose only.*

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## LETTER FROM THE BOARD

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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](http://www.keckseng.com.hk)

(Stock Code: 00184)

*Executive Directors:*

Mr. HO Kian Guan (*Executive Chairman*)  
Mr. HO Kian Hock (*Deputy Executive Chairman*)  
Mr. TSE See Fan Paul  
Mr. CHAN Lui Ming Ivan  
Ms. YU Yuet Chu Evelyn  
Mr. HO Chung Tao  
Mr. HO Chung Hui  
Mr. HO Chung Kain (*alternate to HO Chung Hui*)

*Registered office:*

Room 2902 West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

*Non-Executive Directors:*

Mr. HO Kian Cheong  
Dr. CHAN Yau Hing Robin (*Independent*)  
Mr. KWOK Chi Shun Arthur (*Independent*)  
Ms. WANG Poey Foon Angela (*Independent*)  
Mr. YU Hon To David (*Independent*)

31 October 2014

Dear Sir or Madam

### **MAJOR TRANSACTION**

### **ACQUISITION OF HOTEL PROPERTY**

#### **INTRODUCTION**

By the announcements issued on 14 August 2014 and 30 September 2014, the Board announced that the Purchaser, a wholly-owned subsidiary of the Company, and the Seller entered into the Purchase and Sale Agreement on 13 August 2014 and a supplemental purchase and sale agreement on 29 September 2014, pursuant to which the Purchaser has agreed to buy and the Seller has agreed to sell the Hotel Property, located in New York City, New York, United States, at the Purchase Price of US\$265,000,000 (equivalent to approximately HK\$2,053,750,000). As at the date of this circular, Closing is expected to take place on 30 October 2014 (New York time).

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## LETTER FROM THE BOARD

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The purposes of this circular are to provide you with further details of the Acquisition, including the financial and general information of the Group, the financial information and the valuation report of the Hotel Property, and the pro forma financial information of the Group.

### THE PURCHASE AND SALE AGREEMENT

Date: 13 August 2014, supplemented by the supplemental purchase and sale agreement dated 29 September 2014

Purchaser: KSSF Enterprises Ltd., a wholly-owned subsidiary of the Company

Seller: West 44th Street OwnerCo, LLC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and the ultimate beneficial owner(s) of the Seller are third parties independent of the Company and any connected persons of the Company.

Property to be acquired: The hotel facility located at 45 West 44th Street, New York City, New York, United States, and commonly known as the "Sofitel New York", which includes (but not limited to) the land, all buildings, structures, improvements, fixtures, properties and equipment on the land, all supplies, IT systems, food and beverages, retail merchandise located at the hotel facility, the management agreement, assigned operating agreement and equipment leases regarding the hotel facility, licenses and permits, intellectual property rights, books and records, plans and specifications, warranties and guarantees, bookings and accounts receivables (comprising the guest ledger) in relation to the hotel facility.

The Acquisition would be on an "as is", "where is" and "with all faults" basis, subject to wear and tear from the date of the Purchase and Sale Agreement until the Closing.

### PURCHASE PRICE AND PAYMENT TERMS

The Purchase Price of US\$265,000,000 was reached after arm's length negotiations between the Purchaser and the Seller, determined with reference to the valuation conducted by PKF.

At Closing, there shall be apportionments between the Seller and the Purchaser for any accounts receivables, base management fee, bookings (refers to all bookings and reservations for guests, conference and banquet rooms or other facilities at the Hotel Property as at the Closing Date), cash on hand, vending machine revenue, Replacement Reserve, trade payable, Taxes, inventory, Utilities and employee expenses, in accordance with the terms of the Purchase and Sale Agreement as at 11:59 p.m. on the day preceding the Closing Date after which time all income and expenses of the Hotel Property shall be for the account of the Purchaser.

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## LETTER FROM THE BOARD

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Accordingly, the Purchaser shall pay to the Seller an amount equal to the aggregate of 100% of all account receivables which are less than 90 days old, the amount of cash on hand, vending machine revenue, inventory and Replacement Reserve. On the other hand, the Seller shall pay to the Purchaser an amount equal to the aggregate of the amount of bookings, trade payables and employee expenses. All other items are to be apportioned between the Purchaser and Seller. The apportionments shall be on a dollar-for-dollar basis and it is expected that the apportionments will be less than 5% of the Purchase Price.

Pursuant to the terms of the Purchase and Sale Agreement, the Purchase Price shall be payable by the Purchaser to the Seller in the following manner:

- 1) a sum of US\$5,460,000 (equivalent to approximately HK\$42,315,000) shall be deposited by the Purchaser with an escrow agent within two business days after the date of the Purchase and Sale Agreement as initial deposit (the “**Initial Deposit**”);
- 2) a sum of US\$8,190,000 (equivalent to approximately HK\$63,472,500) shall be deposited by the Purchaser with an escrow agent prior to the expiration of the due diligence period (that is 5:00 p.m. (Eastern Time) on the date that is 45 days after the date of the Purchase and Sale Agreement) as additional deposit (the “**Additional Deposit**”); and
- 3) at Closing, (i) Initial Deposit and the Additional Deposit shall be released to the Seller; and (ii) the Purchaser shall pay to the Seller such amount equivalent to the Purchase Price less the Initial Deposit and the Additional Deposit disbursed to the Seller.

The Purchase Price shall be financed by internal resources of the Group in addition to banking facilities.

### CONDITIONS PRECEDENT

Closing is conditional upon the following:

- i. the Purchaser having paid to the Seller the Purchase Price in the manner stated in the paragraph headed “Purchase Price and Payment Terms” above;
- ii. the Seller has delivered and the Purchaser has received the Manager’s estoppel certificate evidencing that neither the Seller nor Manager is in default under the Management Agreement and that no event has occurred, with the giving of notice or passage of time or both, would constitute a default by the Seller or Manager under the Management Agreement;
- iii. the issuance by the title company to the Purchaser of the owner’s title insurance policy insuring in the amount of the Purchase Price that the Purchaser is the owner of the land and fee owner of the improvements as of the date of Closing;
- iv. all the documents required at the Closing having been delivered by the Purchaser to the Seller and/or by the Seller to the Purchaser (as the case may be) or having been deposited with the escrow agent in accordance with the Purchase and Sale Agreement;



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## LETTER FROM THE BOARD

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- v. all instruments and documents required on the part of the Seller or the Purchaser to be executed and delivered to effect the Closing is in form and substance required or otherwise reasonably satisfactory to the Purchaser or the Seller (as the case may be);
- vi. the respective representations and warranties of the Seller and the Purchaser in the Purchase and Sale Agreement shall remain true and correct as of the date of the Closing in all material respects as if made on the date of the Closing;
- vii. the respective covenants and obligations of the Seller and the Purchaser in the Purchase and Sale Agreement having been performed in all material respects;
- viii. no order of any court of competent jurisdiction have been issued in any action declaring the illegality or invalidity of, or enjoining, the Acquisition;
- ix. no consent of any governmental authority is required for the Closing and the consummation of the Acquisition; and
- x. the Company has complied with all applicable requirements of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including obtaining all required consent from the Stock Exchange, any regulatory bodies or shareholders of the Company.

As of the Latest Practicable Date, the conditions mentioned above have not yet been fulfilled.

### **CLOSING DATE**

The Closing Date will be 30 October 2014 (New York time), provided that the Purchaser shall have the right, in its sole discretion, to extend the Closing to the date that is 45 calendar days after the expiration of the due diligence period (i.e. 13 November 2014).

### **INFORMATION ON THE HOTEL PROPERTY**

The Hotel Property comprises the 30-storey, 398-room hotel facility located at 45 West 44th Street, New York City, New York, United States, and commonly known as the “Sofitel New York”. Sofitel New York is a full-service hotel located in the “Club Row”, between Fifth and Sixth Avenues in the Manhattan District, and in proximity to Time Square, Rockefeller Center, The Empire State Building and Radio City Music Hall. It is equipped with one food & beverage outlet, Gaby Restaurant and Bar and a range of facilities including 9 meeting rooms and a fitness centre.

According to the valuation conducted by PKF, an independent valuer engaged by the Company in respect of the Acquisition, the value of the Hotel Property is US\$266,300,000 (equivalent to approximately HK\$2,063,825,000). The valuation was based on the sale comparison and income capitalisation approach. The valuation report prepared by PKF is set out in Appendix IV of this circular.

The Company considers that the consideration of US\$265,000,000, which is determined after arm’s length negotiations between the Purchaser and the Seller, reflects the value of the Hotel Property.

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## LETTER FROM THE BOARD

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According to the management accounts of the Hotel Property provided by the Seller, the net operating income attributable to the Hotel Property was US\$11,785,000 (equivalent to approximately HK\$91,333,750) and US\$13,499,000 (equivalent to approximately HK\$104,617,250) respectively for the years ended 31 December 2012 and 2013. The said net operating income is calculated by deducting management fees, property taxes, insurance and Replacement Reserve from the gross operating profit.

Furthermore, as the management accounts provided by the Seller do not contain information on interest, income taxes, depreciation and amortisation expenses, these items have not been taken into account in the calculation of the net operating profit disclosed in this paragraph.

After completion of the Acquisition, the Group intends to continue the operation of the Hotel Property under the Sofitel® brand. Accordingly, the Seller will assign the Management Agreement to the Purchaser, and the Manager will continue to provide property management service for the Hotel Property.

### MANAGEMENT AGREEMENT

Pursuant to the Management Agreement, the Manager shall provide property management service for the Hotel Property under the Sofitel® brand in return for a base management fee, which is calculated as 3% of the gross revenue of the Hotel Property for a given year. Furthermore, following any transfer of the Hotel Property, an incentive management fee shall be paid to the Manager. The incentive management fee is calculated as 20% of the amount by which the net operating income exceeds 8% of the purchase price for the transfer. The incentive management fee is capped at 2.5% of the gross revenue of the Hotel Property. The Manager shall set aside contributions to the capital reserve, which shall be determined by reference to the gross revenue for each operating year.

The Group may transfer the Hotel Property to any entity without the Manager's consent provided that such transferee is not a competitor of the Manager, it is reputable and it has a minimum net worth equal to 2 times of 15% of the appraised value of the Hotel Property.

The Management Agreement may be terminated if for any two consecutive years, the (i) revenue per available room for the Hotel Property is less than 80% of the weighted average revenue per available room for the competitive set (which consists of full-service hotels located in Midtown Manhattan), and (ii) the adjusted net operating income for the Hotel Property is a negative number.

The Management Agreement is expected to be for a term commencing on 5 January 2007 and expiring on 31 December after the 25th anniversary thereof, with three 10-year renewal options.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider the Acquisition as a move to capitalize on the Group's experience in the hotel investment sector, as well as to utilize its strong financial capacity to acquire an established, well managed, branded hotel property in a prime location in a gateway city. The Directors believe that the Acquisition will enable the Group to strengthen its existing hotel property portfolio, as well as enhance the earnings capability of the Group on a sustainable basis.

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## **LETTER FROM THE BOARD**

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The Acquisition is expected to produce a more diversified and stable source of earnings in future years. On the asset side, as a result of the Acquisition, fixed assets will increase by HK\$2,053,750,000 and deposits and cash will decrease by HK\$1,466,687,000 in the balance sheet. However, as part of the Purchase Price is funded by banking facilities, liabilities in the balance sheet will also increase by HK\$587,063,000.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

### **INFORMATION ON THE SELLER**

To the best knowledge of the Directors, the Seller is West 44th Street OwnerCo, LLC, a special purpose investment vehicle, which is held and managed by an investment fund.

### **INFORMATION ON THE GROUP**

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services. The Company's principal activity is investment holding.

### **GENERAL**

As the applicable percentage ratios exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to Shareholders' approval.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and the ultimate beneficial owner(s) of the Seller are third parties independent of the Company and any connected persons of the Company, and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. As at the date of this circular, each of Goodland Limited and Kansas Holdings Limited, the two largest Shareholders holding 96,646,960 shares and 100,909,360 shares in the Company respectively, amounting to approximately 28.41% and 29.66% of the issued share capital of the Company, has given its written approval on the Acquisition. Both Goodland Limited and Kansas Holdings Limited are wholly-owned subsidiaries of Ocean Inc., which in turn is held as to 50% by each of Mr. Ho Kian Guan, Executive Chairman of the Company, and Mr. Ho Kian Hock, Deputy Executive Chairman of the Company. Owing to the common ownership of Goodland Limited and Kansas Holdings Limited, they form a closely allied group of Shareholders for the purpose of Rule 14.44 of the Listing Rules. As Goodland Limited and Kansas

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## LETTER FROM THE BOARD

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Holdings Limited together hold more than 50% of the issued shares of the Company and no Shareholder is required to abstain from voting, no general meeting for the Shareholders' approval of the Acquisition is required to be held.

### **FURTHER INFORMATION**

Your attention is also drawn to the financial information of the Group, financial information on the Hotel Property, pro forma financial information, the valuation report, and the additional information set out in the appendices to this circular.

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

**FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, is disclosed on pages 21 to 85 of the annual report of the Company for the year ended 31 December 2011 dated 27 March 2012, pages 24 to 89 of the annual report of the Company for the year ended 31 December 2012 dated 22 March 2013 and pages 24 to 87 of the annual report of the Company for the year ended 31 December 2013 dated 21 March 2014, and pages 11 to 30 of the interim report of the Company for the six months ended 30 June 2014 dated 19 August 2014 respectively, which are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.keckseng.com.hk](http://www.keckseng.com.hk)).

**FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Global economic activity has broadly strengthened and is expected to improve further, 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 and beyond.

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.

**INDEBTEDNESS**

At the close of business on 31 August 2014, being the latest practicable date for the purpose of preparing this indebtedness statement and prior to the printing of this circular, the Group had total bank borrowings drew down of HK\$270,968,000 which were secured by the Group's hotel property and bank deposits.

At the close of business on 31 August 2014, the Group had a loan from an associate of HK\$464,000, loans from non-controlling shareholders of HK\$138,388,000 before the effect of discounting in the amount of HK\$4,109,000 and an amount due to an affiliated company of HK\$17,151,000. The loan from an associate and the loans from non-controlling shareholders are unsecured and interest-free. Except for an amount of HK\$1,439,000 which is interest bearing, the amount due to an affiliated company is unsecured and interest-free.

**Contingent liabilities**

- (a) At 31 August 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.

- (b) At 31 August 2014, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$35,545,000.

At 31 August 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.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2014.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness of the Group since 31 August 2014, up to and including the Latest Practicable Date.

**WORKING CAPITAL**

The Directors are of the opinion that, following completion of the Acquisition, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

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## **APPENDIX II FINANCIAL INFORMATION OF THE HOTEL PROPERTY**

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### **WAIVER APPLICATION**

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules, a profit and loss statement of the Hotel Property for each of the three financial years ended 31 December 2013 and the six months ended 30 June 2014 (the “Relevant Period”) are required to be included in this circular. There was a tender process prior to the signing of the Purchase and Sale Agreement which the Seller provided certain information, including the management accounts (containing only the information disclosed in the statement of income and expenditure set out below) of the Hotel Property for review. The Group submitted our tender based on the information reviewed. The underlying books and records of the Seller were not among the information provided for review. Since the tender process was competitive, despite the written and verbal requests from the Group, the Seller would not entertain any requests for additional financial information. Therefore, the Group is unable to gain full access to the underlying books and records of the Seller for preparation of the financial information on the Hotel Property for the Relevant Period in compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules. The Company has therefore applied for, and was granted by the Stock Exchange, a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules. The financial information of the Hotel Property for the Relevant Period has therefore been prepared by the Directors based on the information provided by the Seller.

Although the Group is unable gain full access to the underlying books and records of the Hotel Property, the Directors are of the opinion that the omission of a profit and loss statement for the Hotel Property’s net income stream would not render the circular materially incomplete or misleading or deceptive, as the statement of income and expenditure below, accompanied by the valuation report disclosed in Appendix IV of this circular, shall provide sufficient information with respect to the Hotel Property.

### **UNAUDITED FINANCIAL INFORMATION OF THE HOTEL PROPERTY**

The unaudited financial information on the Hotel Property set out below has been prepared by the Directors based on the information provided by the Seller. Other than such limited information, the Directors are unable to gain access to the underlying books and records of the Seller regarding the other financial information including depreciation, finance costs and income tax provision in respect of the Hotel Property that were relevant for the preparation of the unaudited financial information on the Hotel Property. However, the Directors are of the opinion that the missing financial information is not strictly relevant to the Company, for the reasons given below:

- Depreciation referred to the depreciation expenses recorded in the books of the Seller in accordance with the accounting policy of the Seller. After completion of the Acquisition, the Hotel Property will be recorded at the market value according to the valuation conducted by PKF, and will be depreciated in accordance with the accounting policies of the Company. The Seller’s accounting treatment on depreciation of the Hotel Property has no bearing to the accounting treatment by the Company after completion of the Acquisition.
- The finance costs referred to the cost to the Seller in financing related to the Hotel Property. As the Company will be using its own means to finance the Acquisition, the finance costs to the Seller are not relevant to the Company’s decision making on the Acquisition.

## APPENDIX II FINANCIAL INFORMATION OF THE HOTEL PROPERTY

- The income tax provision referred to the income tax payable by the Seller on the corporate level. This is dependent on factors including whether the Seller has any deferred tax assets and whether the Seller has other income or expenses other than those directly arising from its ownership of the Hotel Property. These are information private to the Seller. As the Group is acquiring the Hotel Property as an asset, such information has no bearing on the Company's decision making on the Acquisition. Tax expenses directly arising from operation of the Hotel Property including real estate and other property taxes, are classified as "Other operating expenses" which have already been taken into account when calculating the net operating income of the Hotel Property and reflected in the financial information of the Hotel Property disclosed below.

	Year ended 31 December			For the six months ended 30 June	
	2013	2012	2011	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Hotel revenue					
– Room	49,030	46,686	45,433	22,087	22,200
– Food and beverage	10,016	8,424	8,106	4,611	4,792
– Others	<u>1,449</u>	<u>1,596</u>	<u>1,745</u>	<u>693</u>	<u>684</u>
	<u>60,495</u>	<u>56,706</u>	<u>55,284</u>	<u>27,391</u>	<u>27,676</u>
Hotel expenses					
– Room	14,011	13,157	12,744	6,989	6,754
– Food and beverage	9,875	9,384	8,621	4,927	4,777
– Others	<u>1,300</u>	<u>1,216</u>	<u>1,180</u>	<u>633</u>	<u>613</u>
	<u>25,186</u>	<u>23,757</u>	<u>22,545</u>	<u>12,549</u>	<u>12,144</u>
Other operating expenses	17,722	17,364	16,614	8,844	8,671
Marketing and selling expenses	<u>4,088</u>	<u>3,800</u>	<u>3,488</u>	<u>1,993</u>	<u>1,982</u>
Net operating income	<u>13,499</u>	<u>11,785</u>	<u>12,637</u>	<u>4,005</u>	<u>4,879</u>

Statement of income and expenditure of the Hotel Property for the three financial years ended 31 December 2013 and the six months ended 30 June 2013 and 2014 set out above has been prepared by the Directors of the Company based on the relevant information provided by the Seller. Hotel revenue is recognised when the services are rendered, while hotel expenses, other operating expenses, marketing and selling expenses are recognised as incurred on accrual basis which are materially consistent with the accounting policies of the Group.



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## **APPENDIX II FINANCIAL INFORMATION OF THE HOTEL PROPERTY**

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As the statement of income and expenditure of the Hotel Property provided by the Seller does not contain information on interest, income taxes, depreciation and amortisation expenses, these items have not been taken into account in the calculation of net operating income disclosed above.

No valuation of the Hotel Property for the three preceding years was disclosed in this circular as the Seller has informed the Company that it has not prepared any valuation reports of the Hotel Property. The valuation of the Hotel Property as at 1 September 2014 was performed by an external valuer, PKF and the valuation report was set out in Appendix IV to this Circular.

The Directors of the Company engaged KPMG, the auditor of the Company, to perform certain agreed-upon procedures in respect of the compilation of the unaudited financial information of the Hotel Property in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The auditor of the Company inquired and agreed amounts included in the unaudited financial information of the Hotel Property as set out above which is prepared using accounting policies materially consistent with those of the Group to the extracts of accounting ledgers of the Hotel Property or to amounts calculated based on the amounts recorded in the extracts of accounting ledgers of the Hotel Property. The auditor of the Company reported that they found no exception in their findings based on the procedures performed. The procedures performed by the auditor do not constitute an assurance engagement performed in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA. Consequently, no assurance is provided by the auditor on the unaudited financial information of the Hotel Property.

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## **APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE ACQUISITION**

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### **(A) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE ACQUISITION**

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Group as if the Acquisition had been completed on 30 June 2014 (the “Unaudited Pro Forma Financial Information”). The Unaudited Pro Forma Financial Information is based upon the assets and liabilities of the Group as at 30 June 2014 which are extracted from the interim report of the Company for the six months ended 30 June 2014 dated 19 August 2014, and adjusted to reflect the effect of the Acquisition.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. Among other key assumptions, the Directors have assumed that the Company would be able to raise sufficient funding through internal resources and bank borrowings to finance the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with Rules 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), for the purposes of illustrating the effect of the Acquisition pursuant to the terms of the Purchase and Sale Agreement and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as of the specified dates or any future date.

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP AFTER THE ACQUISITION**

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**(B)      UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP  
AS AT 30 JUNE 2014**

	The Group as at 30 June 2014 <i>(Note 1)</i> <i>HK\$'000</i>	Unaudited pro forma adjustments <i>(Notes 2 and 3)</i> <i>HK\$'000</i>	The Group after the Acquisition  <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets	2,054,067	2,053,750	4,107,817
Interest in associates	213,375		213,375
Available-for-sale securities	5,258		5,258
	2,272,700		4,326,450
<b>Current assets</b>			
Trading securities	9,895		9,895
Properties held for sale	280,658		280,658
Inventories	4,509		4,509
Trade and other receivables	46,587		46,587
Pledged deposits	185,557		185,557
Deposits and cash	1,791,233	(1,466,687)	324,546
	2,318,439		851,752
<b>Current liabilities</b>			
Bank loans, secured	73,494		73,494
Trade and other payables	196,252		196,252
Loan from an associate	464		464
Loans from non-controlling shareholders	132,079		132,079
Amount due to an affiliated company	19,183		19,183
Taxation payable	23,161		23,161
	444,633		444,633
<b>Net current assets</b>	1,873,806		407,119
<b>Total assets less current liabilities</b>	4,146,506		4,733,569
<b>Non-current liabilities</b>			
Bank loans, secured	211,630	587,063	798,693
Deferred revenue	6,472		6,472
Deferred tax liabilities	102,179		102,179
	320,281		907,344
<b>NET ASSETS</b>	3,826,225		3,826,225

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE ACQUISITION

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*Notes:*

- (1) The assets and liabilities of the Group as at 30 June 2014 are extracted from the interim report of the Company for the six months ended 30 June 2014 dated 19 August 2014.
- (2) The adjustment represents settlement of the consideration of US\$265,000,000 (equivalent to approximately HK\$2,053,750,000) by cash of US\$189,250,000 (equivalent to HK\$1,466,687,000) and banking facilities of US\$75,750,000 (equivalent to HK\$587,063,000).

At Closing, there shall be apportionments between the Seller and the Purchaser for any accounts receivables, base management fee, bookings, cash on hand, vending machine revenue, Replacement Reserve, trade payable, Taxes, inventory, Utilities and employee expenses. No adjustment has been made to the Unaudited Pro Forma Financial Information as the Directors considered that such amounts are insignificant.

- (3) For the purposes of the Unaudited Pro Forma Financial Information, the allocation of the purchase price is determined based on the Directors' estimates of the fair value of the Hotel Property and other identifiable assets and liabilities of the Hotel Property which existed as at 30 June 2014.

The fair values of the actual consideration, the Hotel Property, other identifiable assets and liabilities are subject to change upon the completion of the valuation on the Closing Date. Consequently, the actual allocation of the purchase price at the date of completion will likely result in different amounts than those stated in this Unaudited Pro Forma Financial Information.

	<i>HK\$'000</i>
Fair value of consideration ( <i>note 2 above</i> )	<u>2,053,750</u>
Representing net assets acquired:	
Hotel Property and other fixed assets ( <i>notes (i) and (ii)</i> )	<u>2,053,750</u>

- (i) Hotel Property includes land and building of Sofitel New York which are initially recognised at their estimated fair value of US\$265,000,000 (equivalent to approximately HK\$2,053,750,000) and subsequently at cost less accumulated depreciation and impairment losses.
- (ii) Other fixed assets mainly include building improvements, furniture, fixtures and equipment which are initially recognised at their estimated fair value and subsequently at cost less accumulated depreciation and impairment losses. The Directors consider that such amounts are insignificant.
- (4) No adjustment has been made to the Unaudited Pro Forma Financial Information for acquisition-related costs (including fees to legal advisers, reporting accountants, valuer, printer, taxes and levies and other expenses) as the Directors consider that such costs are insignificant.
- (5) Apart from the adjustments as stated above, no adjustments have been made to reflect any trading results or other transactions of the Group and the Hotel Property entered into subsequent to 30 June 2014.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE ACQUISITION

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*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

31 October 2014

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*To the Directors of Keck Seng Investments (Hong Kong) Limited*

We have completed our assurance engagement to report on the compilation of pro forma financial information of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2014 and related notes as set out in Appendix III to the circular dated 31 October 2014 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the Hotel Property (the "Acquisition") on the Group's assets and liabilities as at 30 June 2014 as if the Acquisition had taken place at 30 June 2014. As part of this process, information about the Group's assets and liabilities as at 30 June 2014 has been extracted by the Directors from the interim financial report of the Group for the six months ended 30 June 2014 on which a review report has been published.

#### **Directors' responsibilities for the pro forma financial information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE ACQUISITION

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### Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP AFTER THE ACQUISITION**

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

*The following is the text of a letter, summary of values and valuation certificate, prepared for the purpose of incorporation in this circular and received from PKF Consulting, an independent property appraiser, in connection with the valuation as of September 1, 2014 of the property to be acquired by Keck Seng Investments (Hong Kong) Limited.*

September 26, 2014

The Directors  
Keck Seng Investments (Hong Kong) Limited  
5670 W. Cog Hill Terrace  
Dublin, California 94568 USA



Dear Sirs:

In accordance with the instructions from Keck Seng Investments (Hong Kong) Limited (the "Company"), we have completed an appraisal of the 398-room Sofitel Hotel (the "Subject") located at 45 W 44th Street in New York, New York, the United States of America ("USA").

The purpose of this appraisal is to estimate the market value "as is" of the fee simple interest in the above-referenced property as of September 1, 2014 for incorporation in a public circular. Our valuation of the property to be acquired by the Company is our opinion of its market value which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion." The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. The Subject is valued on a going-concern basis, including all rights in realty, personalty, and intangible value.

The scope of our work included an inspection of the Subject, analysis of local economic and market conditions, examination of the historical operating performance of the Subject, estimation of the Subject's future operating performance, and derivation of value using the Sales Comparison and Income Capitalization Approaches to valuation. The Cost Approach was not utilized as it is not considered to be a meaningful indicator of value for the Subject.

To the best of our belief, this valuation conforms to requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Standards Board of the Appraisal Foundation, and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Additionally, to the best of our belief, this valuation conforms to the requirements set forth in the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (Second Edition 2012) published by the Hong Kong Institute of Surveyors. It is not the intent of this brief letter report to provide an extensive discussion of our research and analysis, but instead, to constitute a statement of final value. A complete discussion of our research and analysis is contained in our full narrative report of the Subject hotel prepared for the Company.



Sources of information for the appraisal included interviews with management of the Subject, personnel of competitive properties, representatives of local government and community agencies, industry professionals, local realtors and brokers, and in-house data. Financial statements for the Subject were provided by Eastdil Secured, the real estate listing broker on this transaction. Since these statements were not prepared by us, we do not take responsibility for their accuracy, but have assumed that they are correct. That being said, we have no reason to doubt the truth and accuracy of the information provided to us by Eastdil Secured which is material to our valuation. We have also sought confirmation from the Company that no material facts have been omitted from the information provided.

No allowance has been made in our valuation for any charges, mortgages, local taxation or amounts owing on the Subject. Unless otherwise stated, it is assumed that the Subject is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

Unless otherwise stated, all money amounts stated in our report are in U.S. Dollars (USD\$). No allowance has been made for the transference of such funds from USA to Hong Kong. In addition, this appraisal is subject to the following two extraordinary assumptions.

- *The Subject is currently managed by Accor Business and Leisure Management, LLC (“Accor”). As we understand it, KSG has agreed to purchase the Subject from West 44th street Ownerco, LLC. For the purpose of this appraisal, which assumes a sale of the Subject, we have assumed that all agreements with Accor would be assigned to the new owner and the hotel sold encumbered as to Accor management. The terms of this management agreement are summarized in the Letter from the Board contained in the circular of the Company dated 31 October 2014. The deduction of a management fee is the primary means of extracting the going-concern value from the Subject. The resulting income (net of management fee) is used to calculate the value of the real and personal property. The sale of the Subject is scheduled to close October 30, 2014.*
- *The Subject does not have onsite parking. Accordingly, Accor has entered into an informal agreement with adjacent parking garages. We note that there are no contracts in place and the hotel does not capture revenue from parking. For the purpose of this appraisal, we have assumed that KSG would continue this arrangement.*

Neither the whole nor any part of this Valuation Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without the appraiser’s written approval of the form and context in which it may appear.

We declare hereby that we are independent of the Company and its subsidiaries (the “Group”), and are not beneficially interested in the share capital of any member of the Group and do not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Enclosed herein is our summary of value and valuation certificate.

Yours sincerely,  
**PKF Consulting**

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By: Jeff Lugosi, MAI  
Chief Executive Officer – West  
Jeff.lugosi@pkfc.com (213) 613-3375  
State of New York Certified General  
Real Estate Appraiser #46000050992

*Note:* Jeff Lugosi, MAI and Mark VanStekelenburg have extensive experience in the appraisal of lodging facilities.

**SUMMARY OF VALUE****Property**

	<b>Market Value “As Is” September 1, 2014</b>
<b>Property to be acquired by the Company held as an investment</b>	
Sofitel	US\$266,300,000
45 West 44th Street	
New York, NY 10036	
Parcel ID MANHATTAN (1), 01260, 0014	

## VALUATION CERTIFICATE

## Property to be acquired by the Company held as investment

Property	Description and tenure	Particulars of occupancy	Market Value "As Is" September 1, 2014
Sofitel New York 45 West 44th Street New York, NY USA 10036 Parcel ID MANHATTAN (1), 01260, 0014	The property is a 29-story, 398-room, Sofitel Hotel built in 2000. The gross building area of the hotel is 294,000 square feet. The hotel is situated on a 0.36-acre (15,816 square feet) parcel designated for commercial use.	The property is currently a 398-room hotel.  The hotel is held in a fee simple estate.	US\$266,300,000

*Note:*

1. The fee simple interest in the property is currently held by West 44th Street Ownerco, LLC, an entity controlled by GEM Realty Capital, Whitehall Real Estate Fund and Accor.
2. Based on our review of documents provided to us by the Company, there are no material encumbrances registered against the property that would adversely affect the market value of the property.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") are as follows:

### Number of ordinary shares (unless otherwise specified)

#### *Long positions:*

Name of Company	Name of Directors	Personal Interests <sup>(1)</sup>	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	Ho Kian Guan	374,480	197,556,320 <sup>(2)</sup>	197,930,800	58.18
	Ho Kian Hock	480	197,556,320 <sup>(2)</sup>	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000 <sup>(3)</sup>	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774 <sup>(4)</sup>	32,410,774	99.70
	Ho Kian Hock	–	32,410,774 <sup>(4)</sup>	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052 <sup>(5)</sup>	83,052	83.05
	Ho Kian Hock	–	83,052 <sup>(5)</sup>	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in Registered capital in US\$	Ho Kian Guan	–	13,163,880 <sup>(6)</sup>	13,163,880	80.76
	Ho Kian Hock	–	13,163,880 <sup>(6)</sup>	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000 <sup>(7)</sup>	489,000	3.00

Name of Company	Name of Directors	Personal Interests <sup>(1)</sup>	Corporate Interests	Total	% Interest
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000 <sup>(8)</sup>	56,675,000	80.96
	Ho Kian Hock	–	56,675,000 <sup>(8)</sup>	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000 <sup>(9)</sup>	100,000	100.00
	Ho Kian Hock	–	100,000 <sup>(9)</sup>	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305 <sup>(10)</sup>	4,305	43.05
	Ho Kian Hock	–	4,305 <sup>(10)</sup>	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500 <sup>(11)</sup>	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	Ho Kian Guan	–	9,010,000 <sup>(12)</sup>	9,010,000	100.00
	Ho Kian Hock	–	9,010,000 <sup>(12)</sup>	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000 <sup>(13)</sup>	24,000,000	100.00
	Ho Kian Hock	–	24,000,000 <sup>(13)</sup>	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000 <sup>(14)</sup>	4,950,000	55.00
	Ho Kian Hock	–	4,950,000 <sup>(14)</sup>	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,485,000 <sup>(15)</sup>	1,485,000	55.00
	Ho Kian Hock	–	1,485,000 <sup>(15)</sup>	1,485,000	55.00

*Notes:*

1. This represents interests held by the relevant directors as beneficial owners.
2. This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly. Ho Kian Guan, Ho Kian Hock, Tse See Fan Paul and Chan Lui Ming Ivan are directors of Kansas Holdings Limited and Ho Kian Guan, Ho Kian Hock and Tse See Fan Paul are directors of Goodland Limited.
3. This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
4. This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
5. This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

6. This represents US\$8,965,000 (55%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
7. This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
8. This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
9. This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
10. This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
11. This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
12. This represents 2,252,500 shares (25%) directly held by the Company, 2,252,499 shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 4,505,001 shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
13. This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and director.
14. This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
15. This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

**3. DIRECTORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, there existed the following arrangements for an indefinite period:

- (a) Pursuant to an agreement dated 1 January 1992, Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.
- (b) Pursuant to an agreement dated 1 January 1992, Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

The management fees with respect to the above arrangements amounted to HK\$1,800,000 for the year ended 31 December 2013.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

**4. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Riverside Wuhan, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr. Ho Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr. Ho Kian Hock is his alternate on the board of SAL.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contract between any Director and any member of the Group which is not determinable within one year without payment of compensation other than by statutory compensation.

**6. MATERIAL CONTRACTS**

Save and except the Purchase and Sale Agreement, details of which are disclosed in the letter from the Board set out in this circular, no contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular and up to and including the Latest Practicable Date which are or may be material.

**7. MATERIAL ADVERSE CHANGE**

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up.



**8. LITIGATION**

No member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

**9. EXPERTS' QUALIFICATION AND CONSENT**

Each of KPMG and PKF has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which its appear.

The following are the qualifications of the experts who have given their opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
KPMG	Certified public accountants
PKF	State of New York certified general real estate appraiser

**10. DIRECTORS' AND EXPERTS' INTERESTS IN GROUP ASSETS**

As at the Latest Practicable Date, each of the Directors, KPMG and PKF did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2013, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**11. GENERAL**

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The company secretary of the Company is Ms NG Sing Beng. Ms. Ng graduated from the University of Strathclyde, United Kingdom with a master degree in Business Administration. She is also a fellow member of The Association of Chartered Certified Accountants (ACCA).
- (c) The registered office of the Company is at Room 2902 West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (d) The share registrar of the Company is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

**12. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2902 West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this circular up to any including 14 November 2014 (14 days after the date of this circular):

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013;
- (c) the interim report of the Company for the six months ended 30 June 2014;
- (d) the report on unaudited pro forma financial information of the Group as set out in Appendix III to this circular; and
- (e) the valuation report issued by PKF on the Hotel Property as set out in Appendix IV to this circular;
- (f) the written consents referred to in the paragraph headed “Experts’ Qualifications and Consent” in this Appendix;
- (g) the Purchase and Sale Agreement;
- (h) the supplemental purchase and sale agreement and
- (i) this circular.