



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

*Stock Code : 0184*

**INTERIM REPORT 2015 INTERIM REPORT 2015**



## **CORPORATE INFORMATION**

### **DIRECTORS**

HO Kian Guan – *Executive Chairman*  
HO Kian Hock – *Deputy Executive Chairman*  
TSE See Fan Paul  
CHAN Lui Ming Ivan  
YU Yuet Chu Evelyn  
HO Chung Tao  
HO Chung Hui  
\* HO Kian Cheong  
\*\* CHAN Yau Hing Robin  
\*\* KWOK Chi Shun Arthur  
\*\* WANG Poey Foon Angela  
\*\* YU Hon To David  
HO Chung Kain (Alternate to HO Chung Hui)

- \* *Non-executive Director*
- \*\* *Independent Non-executive Director*

### **AUDIT COMMITTEE**

CHAN Yau Hing Robin – *Chairman*  
KWOK Chi Shun Arthur  
WANG Poey Foon Angela  
YU Hon To David

### **REMUNERATION COMMITTEE**

WANG Poey Foon Angela – *Chairman*  
CHAN Yau Hing Robin  
KWOK Chi Shun Arthur  
YU Hon To David  
TSE See Fan Paul  
YU Yuet Chu Evelyn

### **NOMINATION COMMITTEE**

KWOK Chi Shun Arthur – *Chairman*  
CHAN Yau Hing Robin  
WANG Poey Foon Angela  
YU Hon To David  
TSE See Fan Paul  
HO Chung Tao

### **AUDITORS**

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

### **SHARE REGISTRARS & TRANSFER OFFICE**

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **COMPANY SECRETARY**

NG Sing Beng

### **REGISTERED OFFICE**

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

### **COMPANY'S WEBSITE**

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

## INTERIM RESULTS

The board of directors (the "Board") of Keck Seng Investments (Hong Kong) Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 was HK\$129,993,000 (HK\$0.382 per share), compared to HK\$164,435,000 (HK\$0.483 per share) for the first six months of 2014.

The Board has declared an interim dividend of HK\$0.03 (2014: HK\$0.03) per share for 2015 payable on Thursday, 22 October 2015, to equity shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2015.

## 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 2015, revenue from Macau operations rose to HK\$53.3 million, as compared to HK\$39.7 million in the first half of 2014, an increase of 34%. The increase came about mostly as a result of increase in rental income arising from higher rental rates upon reversion, as well as leasing out of additional commercial space.

With an objective to further 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. The Group adopts the view that the supply of residential properties in Macau will continue to be limited in the near to medium term, and that with the continuing integration of the PRD region and completion of the Hong Kong-Zhuhai-Macau Bridge, the Macau property market will continue to rest on strong fundamentals. The Group will continue to monitor market conditions in the luxurious residential sector in order to determine the optimal time to commence selling of properties held for sale. In the meantime, the Group will take advantage of the buoyancy of the residential leasing market in Macau and lease out as many of the vacant units as possible in order to ensure the income for the Group is maximized.

There were no sales of properties by the Group in Macau during the first six months of 2015.

## **Vietnam**

The recovery of the Vietnamese economy remains on track, with real GDP growth improving to 6.3% year on year in the first half of 2015.

During the first six months of 2015, the Group's revenue from Vietnam increased to HK\$339.0 million, as compared to HK\$315.7 million in the first half of 2014, an increase of 7%.

### **Sheraton Saigon Hotel and Grand Towers**

For the first half of 2015, average room rate was at US\$176 per room night (including service charge), as compared to US\$173 per room night (excluding service charge) during the first six months of 2014. Occupancy rate has dropped to 66.65% during the first half of 2015, as compared to 67.24% for the first half of 2014.

### **Caravelle Hotel**

For the first half of 2015, average room rate increased to US\$143 per room night, as compared to US\$132 during the first six months of 2014. Occupancy rate has dropped to 51% during the first half of 2015, as compared to 65% for the first half of 2014.

## **US**

GDP in the United States expanded at an annualized 2.3% in the second quarter of 2015 over the previous quarter. First quarter GDP, previously reported to have contracted at a 0.2% pace, was revised up to show it rising at a 0.6%.

### **W San Francisco**

The Californian economy, especially around San Francisco and the Silicon Valley, continues to perform very well in 2015. W San Francisco was able to leverage upon this economic growth and reported improved results.

For the first half of 2015, average room rate increased to US\$342 per room night, as compared to US\$325 during the first six months of 2014. Occupancy rate also increased to 91% during the first half of 2015, as compared to 87% for the first half of 2014.

### **Sofitel New York**

The Group completed the acquisition of Sofitel New York during the last quarter of 2014. Hence the first half of 2015 was the first time the Group reported on the operations of the hotel on a full 6-month basis. During those six months, the average room rate was US\$342 per room night. Average occupancy rate during this period was 85%.

## **PRC**

### **Holiday Inn Wuhan Riverside**

During the first half of 2015, the Chinese economy was undergoing a period of consolidation. The austerity campaign has also resulted in reduced revenue for hotel and F&B business in general.

For the first half of 2015, average room rate decreased to RMB413 per room night, as compared to RMB421 during the first six months of 2014. Occupancy rate has dropped slightly to 65% during the first half of 2015, as compared to 68% for the first half of 2014.

## **Japan**

### **Best Western Hotel Fino Osaka Shinsaibashi**

Following a revised expansion of 4.5% in the first quarter of 2015, the Japan's economy shrank at an annualised pace of 1.6% in the second quarter.

For the first half of 2015, average room rate increased significantly to JPY11,019 per room night, as compared to JPY7,925 during the first six months of 2014. Occupancy rate has dropped slightly to 88.89% during the first half of 2015, as compared to 89.44% for the first half of 2014.

## **Canada**

The recent fall in oil prices has resulted in declines in related investment and GDP in Canada. Growth is projected to slow to around 1½ per cent in 2015.

### **Sheraton Ottawa Hotel**

For the first half of 2015, average room rate increased to C\$174 per room night, as compared to C\$170 during the first six months of 2014. Occupancy rate has increased to 78% during the first half of 2015, as compared to 70% for the first half of 2014.

### **International Plaza Hotel**

For the first half of 2015, average room rate decreased to C\$94 per room night, as compared to C\$99 during the first six months of 2014. Occupancy rate has increased to 72% during the first half of 2015, as compared to 64% for the first half of 2014.

## **FINANCIAL REVIEW**

The Group's revenue was HK\$950.5 million for the first six months of 2015, an increase of 40% as compared to the corresponding period in 2014. The increase was primarily attributable to improvement in hotel and club operations situation in Vietnam and United States and a full 6-month operations of newly acquired Sofitel New York.

Revenue from hotel and club operations amounted to HK\$896.1 million, an increase of 40% as compared to HK\$640.6 million in the corresponding period in 2014. The increase is primarily attributable to the increase in slot machine income from Sheraton Hotel in Vietnam, the improvement in average room rates for W hotel and income attributable from newly acquired Sofitel New York in United States.

The Group's operating profit was HK\$192.8 million for the period ended 30 June 2015, as compared to HK\$187.6 million as restated in 2014. Profit attributable to equity shareholders is HK\$130.0 million as compared to HK\$164.4 million as restated in 2014.

## PLEDGE OF ASSETS

At 30 June 2015, hotel properties and properties held for sale with an aggregate value of HK\$2,821.9 million (31 December 2014: HK\$2,840.4 million) and bank deposits of HK\$63.1 million (31 December 2014: HK\$172.7 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

## CONTINGENT LIABILITIES

- (a) At 30 June 2015, 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 2014: HK\$8,252,000).
- (b) At 30 June 2015, guarantees of HK\$31,230,000 (C\$5,000,000) (2014: HK\$33,430,000 (C\$5,000,000)) were given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 30 June 2015, 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 recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

## PROSPECTS

The first half of 2015 saw economic recovery in the US which therefore heightened the prospect of increase in interest rate possibly in the last quarter of 2015. China, the other economic driver, is however still grappling with weak economic fundamentals, a volatile share market, and jittery foreign exchange regime. Chinese government policies on the pace of economic recovery in the country and its foreign exchange management will have repercussions for other countries in Asia. Macau is also undergoing a significant adjustment with dramatic fall off in gaming receipts and economic activity. The property sector in Macau has, however, remained relatively steady.

The above factors will continue to influence the Group's operations in the various geographical locations in the second half of 2015.

It is also important to bear in mind the fact that significant portions of the Group's revenues are from overseas. Fluctuations in the currency market will therefore introduce uncertainty and volatility into the earnings profile of the Group.

Against this background, the Group will continue to be cautious in screening new investments in order to ensure that shareholders' value are protected in an uncertain market.

## PERSONNEL

As at 30 June 2015, the Group has approximately 2,149 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 2015, 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 has 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 2015.

## **REMUNERATION COMMITTEE**

The Remuneration Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Remuneration Committee.

## **NOMINATION COMMITTEE**

The Nomination Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee gives recommendations to the Directors as to the recruitment of Directors. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Nomination Committee.

## **BOOK CLOSE**

The register of members will be closed from Monday, 5 October 2015 to Wednesday, 7 October 2015, 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, 2 October 2015.

## **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 2015.

## **CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS**

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

<b>Name of director</b>	<b>Details of change</b>
Mr YU Hon To David	The company name of "Sateri Holdings Limited", a listed company of The Hong Kong Stock Exchange, of which Mr Yu is the independent non-executive director, has been changed to "Bracell Limited" with effect from 30 January 2015.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2015 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

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

#### Long Positions:

Name of Company	Name of Directors	Personal Interests <sup>(1)</sup>	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	394,480	197,556,320 <sup>(2)</sup>	197,950,800	58.19
	Ho Kian Hock	20,480	197,556,320 <sup>(2)</sup>	197,576,800	58.08
	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
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

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

Notes:

- (1) This represents interests held by the relevant directors as beneficial owners.
- (2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.
- (3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
- (4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 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 1/3 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 1/3 interest indirectly.
- (7) This represents interests held by AKA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
- (8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/3 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 1/3 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 1/3 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 4,505,001 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (13) This represents 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (14) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/3 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 1/3 interest indirectly.

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

Save as mentioned above, at 30 June 2015, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

**SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES**

At 30 June 2015, the interests and short positions of those persons (other than the Directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

*Long Positions:*

<b>Name</b>	<b>Capacity in which shares were held</b>	<b>Number of ordinary shares held</b>	<b>% of total issued share capital of the Company</b>
Ocean Inc. <i>(Note 1, 2)</i>	Interests of controlled corporations	197,556,320	58.1
Pad Inc <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Lapford Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited <i>(Note 2)</i>	Beneficial owner	100,909,360	29.7
Goodland Limited <i>(Note 1)</i>	Beneficial owner	96,646,960	28.4

## Notes:

- (1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.
- (2) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 30 June 2015, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

**Ho Kian Guan**  
*Executive Chairman*

Hong Kong, 27 August 2015



## **REVIEW REPORT TO THE BOARD OF DIRECTORS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 13 to 34 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2015 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

#### **KPMG**

*Certified Public Accountants*

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

27 August 2015

**CONSOLIDATED INCOME STATEMENT***for the six months ended 30 June 2015 – unaudited*

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000 (restated) (note 1)
<b>Revenue</b>	3	<b>950,466</b>	681,315
Cost of sales		<b>(87,395)</b>	(73,426)
		<b>863,071</b>	607,889
Other revenue	4(a)	<b>14,730</b>	17,061
Other net gains/(losses)	4(b)	<b>2,871</b>	(1,470)
Direct costs and operating expenses		<b>(362,398)</b>	(230,065)
Marketing and selling expenses		<b>(51,084)</b>	(31,317)
Depreciation of fixed assets		<b>(66,386)</b>	(43,349)
Administrative and other operating expenses		<b>(208,039)</b>	(131,173)
<b>Operating profit</b>		<b>192,765</b>	187,576
Increase in fair value of investment properties	8	<b>49,000</b>	97,000
		<b>241,765</b>	284,576
Finance costs	5(a)	<b>(16,093)</b>	(2,179)
Share of profits less losses of associates		<b>5,331</b>	6,732
<b>Profit before taxation</b>	5	<b>231,003</b>	289,129
Income tax	6	<b>(40,981)</b>	(55,729)
<b>Profit for the period</b>		<b>190,022</b>	233,400
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>129,993</b>	164,435
Non-controlling interests		<b>60,029</b>	68,965
<b>Profit for the period</b>		<b>190,022</b>	233,400
<b>Earnings per share, basic and diluted (cents)</b>	7	<b>38.2</b>	48.3

Details of dividends payable to equity shareholders of the Company are set out in note 14(a). The notes on pages 19 to 34 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***for the six months ended 30 June 2015 – unaudited*

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000 (restated) (note 1)
<b>Profit for the period</b>	<b>190,022</b>	233,400
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	<b>(25,643)</b>	(3,033)
Available-for-sale securities:		
– changes in fair value recognised during the period	<b>(599)</b>	(36)
<b>Other comprehensive income for the period</b>	<b>(26,242)</b>	(3,069)
<b>Total comprehensive income for the period</b>	<b>163,780</b>	230,331
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>110,629</b>	163,010
Non-controlling interests	<b>53,151</b>	67,321
<b>Total comprehensive income for the period</b>	<b>163,780</b>	230,331

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

The notes on pages 19 to 34 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2015 – unaudited*

	Note	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
<b>Non-current assets</b>			
Investment properties	8	<b>792,000</b>	743,000
Other properties, plant and equipment		<b>2,589,447</b>	2,655,177
Land		<b>838,557</b>	843,406
		<b>4,220,004</b>	4,241,583
Interest in associates		<b>145,988</b>	157,332
Available-for-sale securities		<b>3,956</b>	4,555
Deferred tax assets		<b>6,288</b>	–
		<b>4,376,236</b>	4,403,470
<b>Current assets</b>			
Trading securities		<b>9,438</b>	9,513
Properties held for sale		<b>280,658</b>	280,658
Inventories		<b>6,072</b>	6,432
Trade and other receivables	9	<b>99,965</b>	145,591
Derivative financial assets		<b>5,556</b>	2,644
Pledged deposits		<b>63,076</b>	172,693
Deposits and cash	10	<b>1,644,265</b>	1,468,247
Taxation recoverable		<b>6,057</b>	10,006
		<b>2,115,087</b>	2,095,784
<b>Current liabilities</b>			
Bank loans, secured	11	<b>102,261</b>	113,021
Trade and other payables	12	<b>325,320</b>	358,735
Loan from an associate		<b>464</b>	464
Loans from non-controlling shareholders	13	<b>30,764</b>	134,952
Taxation payable		<b>30,341</b>	22,053
		<b>489,150</b>	629,225

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**at 30 June 2015 – unaudited*

	Note	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
<b>Net current assets</b>		<b>1,625,937</b>	1,466,559
<b>Total assets less current liabilities</b>		<b>6,002,173</b>	5,870,029
<b>Non-current liabilities</b>			
Bank loans, secured	11	<b>1,779,693</b>	1,819,797
Deferred revenue		<b>6,084</b>	6,278
Loans from non-controlling shareholders	13	<b>79,945</b>	–
Deferred tax liabilities		<b>120,438</b>	114,388
		<b>1,986,160</b>	1,940,463
<b>NET ASSETS</b>		<b>4,016,013</b>	3,929,566
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>498,305</b>	498,305
Reserves		<b>2,862,947</b>	2,796,949
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,361,252</b>	3,295,254
Non-controlling interests		<b>654,761</b>	634,312
<b>TOTAL EQUITY</b>		<b>4,016,013</b>	3,929,566

The notes on pages 19 to 34 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2015 – unaudited

	Attributable to equity shareholders of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000			
<b>At 1 January 2015</b>	<b>498,305</b>	<b>12,758</b>	<b>33,818</b>	<b>3,964</b>	<b>3,807</b>	<b>2,742,602</b>	<b>3,295,254</b>	<b>634,312</b>	<b>3,929,566</b>	
Profit for the period	-	-	-	-	-	129,993	129,993	60,029	190,022	
Other comprehensive income	-	-	(18,765)	(599)	-	-	(19,364)	(6,878)	(26,242)	
Total comprehensive income for the period	-	-	(18,765)	(599)	-	129,993	110,629	53,151	163,780	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	26,996	26,996	
Dividends approved in respect of the previous year (note 14(a))	-	-	-	-	-	(40,824)	(40,824)	-	(40,824)	
Dividend paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(59,698)	(59,698)	
Others	-	-	-	-	(3,807)	-	(3,807)	-	(3,807)	
<b>At 30 June 2015</b>	<b>498,305</b>	<b>12,758</b>	<b>15,053</b>	<b>3,365</b>	<b>-</b>	<b>2,831,771</b>	<b>3,361,252</b>	<b>654,761</b>	<b>4,016,013</b>	

	Attributable to equity shareholders of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
<b>At 1 January 2014 (restated)</b>	<b>340,200</b>	<b>158,105</b>	<b>12,758</b>	<b>60,995</b>	<b>4,703</b>	<b>8,022</b>	<b>2,535,695</b>	<b>3,120,478</b>	<b>602,368</b>	<b>3,722,846</b>
Profit for the period	-	-	-	-	-	-	164,435	164,435	68,965	233,400
Other comprehensive income	-	-	-	(1,389)	(36)	-	-	(1,425)	(1,644)	(3,069)
Total comprehensive income for the period	-	-	-	(1,389)	(36)	-	164,435	163,010	67,321	230,331
Dividends approved in respect of the previous year (note 14(a))	-	-	-	-	-	-	(51,030)	(51,030)	-	(51,030)
Dividend paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	(30,427)	(30,427)
Transition to no-par value regime on 3 March 2014 (note 14(b))	158,105	(158,105)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(3,077)	-	(3,077)	-	(3,077)
<b>At 30 June 2014</b>	<b>498,305</b>	<b>-</b>	<b>12,758</b>	<b>59,606</b>	<b>4,667</b>	<b>4,945</b>	<b>2,649,100</b>	<b>3,229,381</b>	<b>639,262</b>	<b>3,868,643</b>

The notes on pages 19 to 34 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***for the six months ended 30 June 2015 – unaudited*

	Note	Six months ended 30 June 2015 HK\$'000	2014 HK\$'000 (restated) (note 1)
<b>Operating activities</b>			
Cash generated from operations		<b>223,842</b>	206,518
Overseas tax paid		<b>(27,179)</b>	(57,479)
<b>Net cash generated from operating activities</b>		<b>196,663</b>	149,039
<b>Investing activities</b>			
Decrease in pledged deposits		<b>109,617</b>	57
Increase in bank deposits with maturity more than three months		<b>(420,462)</b>	(10,122)
Other cash flows arising from investing activities		<b>20,287</b>	(13,702)
<b>Net cash used in investing activities</b>		<b>(290,558)</b>	(23,767)
<b>Financing activities</b>			
Dividends paid to equity shareholders of the Company		<b>(40,824)</b>	(51,030)
Repayment of bank loans		<b>(46,582)</b>	(10,833)
Dividends paid to non-controlling shareholders		<b>(59,698)</b>	(30,427)
Other cash flows arising from financing activities		<b>(1,551)</b>	(2,157)
<b>Net cash used in financing activities</b>		<b>(148,655)</b>	(94,447)
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(242,550)</b>	30,825
<b>Cash and cash equivalents at 1 January</b>	10	<b>1,440,027</b>	1,662,280
<b>Effect of foreign exchange rate changes</b>		<b>(1,894)</b>	227
<b>Cash and cash equivalents at 30 June</b>	10	<b>1,195,583</b>	1,693,332

The notes on pages 19 to 34 form part of this interim financial report.

## NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

### 1 Basis of preparation

- (a) This unaudited condensed consolidated 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”). It was authorised for issued on 27 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on pages 12.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

**1 Basis of preparation (continued)**

- (b) The interim financial report for the six months ended 30 June 2015 comprises the Company and its subsidiaries and the Group's interest in associates.

The Group holds a 50% equity interest in Chateau Ottawa Hotel Inc. ("Chateau Ottawa"), which owns a hotel property in Canada. The Group's ultimate holding company, Ocean Inc., holds an additional 5% indirect equity interest in Chateau Ottawa. Prior to November 2014 the Group accounted for Chateau Ottawa as an associate as it was able to exercise significant influence, but not control, over Chateau Ottawa.

In November 2014, Ocean Inc., through its wholly owned subsidiary, undertook that it would in future exercise its 5% voting right in Chateau Ottawa in accordance with the instruction of the Company (the "Undertaking"). Accordingly, from November 2014 the directors consider that the Group controls Chateau Ottawa.

As the Company and Chateau Ottawa have been under the common control of Ocean Inc., with such control not being transitory, the Group's obtaining of control over Chateau Ottawa pursuant to the Undertaking is considered a business combination involving an entity under common control and Accounting Guideline 5 ("AG5"), *Merger Accounting for Common Control Combinations*, issued by the HKICPA has been applied. The interim financial report of the Group has been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented.

The opening balances at 1 January 2014 have been restated, with consequential adjustments to comparatives for the six months ended 30 June 2014.

The net assets of Chateau Ottawa have been consolidated using the existing book values from the perspective of Ocean Inc., the common controlling party, which are consistent with the book values from the Group's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the business combination, to the extent of the continuation of the controlling party's interest. The consolidated income statement and the consolidated statement of comprehensive income include the results of Chateau Ottawa from the earliest date presented. As the Group's interest in Chateau Ottawa remains the same before and after the combination, and Chateau Ottawa was previously equity accounted for by the Group, the application of merger accounting has no significant impact on the previously-reported amounts of the Group's profit, total comprehensive income and total equity attributable to the Company's equity shareholders, and on the previous-reported earnings per share amounts.

## 1 Basis of preparation (continued)

The effects of the adoption of merger accounting on the consolidated income statement for the six months ended 30 June 2014 by line items are as follows:

	<b>2014</b> HK\$'000 (as previously reported)	<b>Effect of merger accounting restatement</b> HK\$'000	<b>2014</b> HK\$'000 (restated)
<b>Revenue</b>	635,165	46,150	681,315
Cost of sales	(70,756)	(2,670)	(73,426)
	564,409	43,480	607,889
Other revenue	16,427	634	17,061
Other net losses	(1,427)	(43)	(1,470)
Direct costs and operating expenses	(205,585)	(24,480)	(230,065)
Marketing and selling expenses	(31,206)	(111)	(31,317)
Depreciation of fixed assets	(39,979)	(3,370)	(43,349)
Administrative and other operating expenses	(120,213)	(10,960)	(131,173)
<b>Operating profit</b>	182,426	5,150	187,576
Increase in fair value of investment properties	97,000	–	97,000
	279,426	5,150	284,576
Finance costs	(1,570)	(609)	(2,179)
Share of profits less losses of associates	8,844	(2,112)	6,732
<b>Profit before taxation</b>	286,700	2,429	289,129
Income tax	(55,412)	(317)	(55,729)
<b>Profit for the period</b>	231,288	2,112	233,400
<b>Attributable to:</b>			
Equity shareholders of the Company	164,435	–	164,435
Non-controlling interests	66,853	2,112	68,965
<b>Profit for the period</b>	231,288	2,112	233,400

**1 Basis of preparation (continued)**

The effects of the adoption of merger accounting on the consolidated statement of comprehensive income for the six months ended 30 June 2014 by line items are as follows:

	<b>2014</b> HK\$'000 (as previously reported)	<b>Effect of merger accounting restatement</b> HK\$'000	<b>2014</b> HK\$'000 (restated)
<b>Profit for the period</b>	231,288	2,112	233,400
<hr style="border-top: 1px dashed black;"/>			
<b>Other comprehensive income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries and associates	(2,983)	(50)	(3,033)
Available-for-sale securities:			
– changes in fair value recognised during the period	(36)	–	(36)
<b>Other comprehensive income for the period</b>	(3,019)	(50)	(3,069)
<hr style="border-top: 1px dashed black;"/>			
<b>Total comprehensive income for the period</b>	228,269	2,062	230,331
<hr/>			
<b>Attributable to:</b>			
Equity shareholders of the Company	163,010	–	163,010
Non-controlling interests	65,259	2,062	67,321
<b>Total comprehensive income for the period</b>	228,269	2,062	230,331
<hr/>			

## 1 Basis of preparation (continued)

The effects of the adoption of merger accounting on the condensed consolidated cash flow statement for the six months ended 30 June 2014 by line items are as follows:

	<b>2014</b> HK\$'000 (as previously reported)	<b>Effect of merger accounting restatement</b> HK\$'000	<b>2014</b> HK\$'000 (restated)
Net cash generated from operating activities	118,655	30,384	149,039
Net cash used in investing activities	(699)	(23,068)	(23,767)
Net cash used in financing activities	(92,934)	(1,513)	(94,447)
Increase in cash and cash equivalents	25,022	5,803	30,825
Cash and cash equivalents at 1 January	1,659,700	2,580	1,662,280
Effect of foreign exchanges rate changes	243	(16)	227
Cash and cash equivalents at 30 June	1,684,965	8,367	1,693,332
<b>Analysis of the balances of cash and cash equivalents at 30 June</b>			
Deposits and cash	1,791,233	11,490	1,802,723
Less: Bank deposits with maturity more than three months	(106,268)	(3,123)	(109,391)
	1,684,965	8,367	1,693,332

In the consolidated statement of changes in equity, the comparatives for non-controlling interests as at 1 January 2014 have also been restated accordingly, details of which have been disclosed in the Group's financial statements for the year ended 31 December 2014.

## 2 Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. These revised HKFRSs have no material impact on the unaudited condensed consolidated interim report of the Group for the period ended 30 June 2015 and 2014 respectively. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 Segment reporting

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

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

#### **(a) Segment results and assets**

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

## 3 Segment reporting (continued)

## (b) Analysis of segment results of the Group

	External revenue	Inter- segment revenue	Total revenue	Depreciation of fixed assets	Finance costs	Share of profits less losses of associates	Income tax	Contribution to profit
	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)
<b>For the six months ended</b>								
<b>30 June 2015</b>								
Hotel	896,055	-	896,055	(63,905)	(15,977)	5,331	(24,874)	119,700
- Vietnam	339,036	-	339,036	(12,956)	-	6,287	(19,996)	78,353
- United States	456,633	-	456,633	(38,730)	(14,762)	-	(8,213)	25,390
- The People's Republic of China	33,651	-	33,651	(7,315)	(778)	-	-	(1,493)
- Canada	45,419	-	45,419	(3,052)	(437)	(956)	4,520	9,738
- Japan	21,316	-	21,316	(1,852)	-	-	(1,185)	7,712
Property								
- Macau <sup>#</sup>	53,083	244	53,327	(2,436)	(22)	-	(16,092)	68,977
Investment and corporate	1,328	-	1,328	(45)	(94)	-	(15)	1,345
Inter-segment elimination	-	(244)	(244)	-	-	-	-	-
<b>Total</b>	<b>950,466</b>	<b>-</b>	<b>950,466</b>	<b>(66,386)</b>	<b>(16,093)</b>	<b>5,331</b>	<b>(40,981)</b>	<b>190,022</b>
<b>For the six months ended</b>								
<b>30 June 2014</b>								
Hotel	640,618	-	640,618	(41,102)	(2,020)	6,732	(41,156)	126,758
- 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	46,150	-	46,150	(3,370)	(609)	(2,037)	(317)	2,187
- Japan	18,463	-	18,463	(2,497)	-	-	(1,124)	4,061
Property								
- Macau <sup>#</sup>	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)	-	-	-	-	-
<b>Total</b>	<b>681,315</b>	<b>-</b>	<b>681,315</b>	<b>(43,349)</b>	<b>(2,179)</b>	<b>6,732</b>	<b>(55,729)</b>	<b>233,400</b>

<sup>#</sup> External revenue from property segment in Macau includes rental income from investment properties of HK\$12,041,000 (2014: HK\$7,286,000), rental income from properties held for sale of HK\$32,639,000 (2014: HK\$24,921,000) and club operations and others of HK\$8,403,000 (2014: HK\$7,008,000).

## 3 Segment reporting (continued)

## (c) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
<b>At 30 June 2015</b>				
Hotel				
– Vietnam	401,901	113,624	515,525	6,098
– United States	2,897,354	–	2,897,354	11,344
– The People's Republic of China	228,264	–	228,264	1,456
– Canada	119,299	28,229	147,528	379
– Japan	104,965	–	104,965	115
Property				
– Macau	1,765,316	–	1,765,316	794
Investment and corporate	828,236	4,135	832,371	–
<b>Total</b>	<b>6,345,335</b>	<b>145,988</b>	<b>6,491,323</b>	<b>20,186</b>
<b>At 31 December 2014</b>				
Hotel				
– Vietnam	426,088	120,882	546,970	9,562
– United States <sup>#</sup>	2,964,812	–	2,964,812	2,129,291 <sup>#</sup>
– The People's Republic of China	229,744	–	229,744	1,483
– Canada	117,213	32,313	149,526	2,156
– Japan	110,995	–	110,995	81
Property				
– Macau	1,682,480	–	1,682,480	3,595
Investment and corporate	810,590	4,137	814,727	–
<b>Total</b>	<b>6,341,922</b>	<b>157,332</b>	<b>6,499,254</b>	<b>2,146,168</b>

<sup>#</sup> Included in the capital expenditure was an amount of HK\$2,054 million, representing the acquisition cost of Sofitel New York acquired on 30 October 2014.

#### 4 Other revenue and net gains/(losses)

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (restated)
<b>(a) Other revenue</b>		
Interest income from bank deposits	9,876	13,644
Dividend income from listed available-for-sale and trading securities	263	193
Other revenue from hotel and club operations	4,591	3,224
	<b>14,730</b>	<b>17,061</b>
<b>(b) Other net gains/(losses)</b>		
Gain on disposal of fixed assets	9	32
Net exchange gains/(losses)	2,936	(590)
Net realised and unrealised losses on trading securities	(74)	(912)
	<b>2,871</b>	<b>(1,470)</b>

#### 5 Profit before taxation

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (restated)
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable within five years	15,294	2,157
Interest expenses on loans from non controlling shareholders	777	–
Other interest expenses	22	22
	<b>16,093</b>	<b>2,179</b>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	261,678	147,434
Contributions to defined contribution retirement plans	2,207	1,303
	<b>263,885</b>	<b>148,737</b>
<b>(c) Other items</b>		
Cost of inventories	41,606	31,335
Rentals receivable from investment properties less direct outgoings of HK\$205,000 (2014: HK\$258,000)	(11,836)	(7,028)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$1,247,000 (2014: HK\$1,088,000)	(33,837)	(26,159)

## 6 Income tax

Taxation in the consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000 (restated)
<b>Current tax – Overseas</b>		
Provision for the period	<b>41,818</b>	43,625
<b>Deferred taxation</b>		
Origination and reversal of other temporary differences	<b>(837)</b>	12,104
	<b>40,981</b>	55,729

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 2015 and 30 June 2014.
- (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 22% (2014: 22%) 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 2002 and at a rate of 25% on taxable income thereafter. The income tax rate was reduced to 22% for 2014 and 2015, and to 20% from 2016.
- (d) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2014: 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 2015 and 30 June 2014.
- (e) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 34% (2014: 34%) and 10.75% (2014: 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% (2014: 20%) on all gross profit distributions from the subsidiary.
- (g) Provision for Macau, Complementary Tax is calculated at 12% (2014: 12%) of the estimated assessable profits for the year. Macau Property Tax is calculated at 10% (2014: 10%) of the assessable rental income in Macau.
- (h) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2014: 26.5%).
- (i) Share of associates' tax for the six months ended 30 June 2015 of HK\$1,779,000 (2014 (restated): HK\$2,118,000) is included in the share of profits less losses of associates.

## 7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$129,993,000 (2014: HK\$164,435,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2015 and 30 June 2014.

There is no potential dilutive ordinary share during the six months ended 30 June 2015 and 30 June 2014.

## 8 Investment properties

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

The Group recorded an increase in fair value of investment properties of HK\$49,000,000 (2014: HK\$97,000,000) and deferred tax thereon of HK\$5,943,000 (2014: HK\$11,770,000) in profit or loss for the six months period ended 30 June 2015.

## 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:

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Within one month	<b>42,302</b>	30,044
One to three months	<b>7,948</b>	6,408
	<b>50,250</b>	36,452

Trade receivables mainly comprise rental receivables from lease of properties and hotel operations. The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 – 30 days. Trade receivables with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted.

## 10 Deposits and cash

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Deposits with banks and other financial institutions	<b>1,388,564</b>	1,174,552
Cash at bank	<b>255,701</b>	293,695
Cash and cash equivalents in the consolidated statement of financial position	<b>1,644,265</b>	1,468,247
Less: Deposits with maturity greater than three months	<b>(448,682)</b>	(28,220)
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>1,195,583</b>	1,440,027

**11 Bank loans, secured**

(a) At 30 June 2015 and 31 December 2014, the secured bank loans were repayable as follows:

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Within one year or on demand	<b>102,261</b>	113,021
After one year but within two years	<b>74,209</b>	74,379
After two years but within five years	<b>1,705,484</b>	1,745,418
	<b>1,779,693</b>	1,819,797
	<b>1,881,954</b>	1,932,818

(b) At 30 June 2015, 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 2014: HK\$63,898,000),
- (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,758,000,000 (31 December 2014: HK\$2,776,473,000), and
- (iii) Bank deposits of HK\$63,076,000 (31 December 2014: HK\$172,693,000).

Such banking facilities amounted to HK\$2,312,702,000 (31 December 2014: HK\$2,357,650,000) and were utilised to the extent of HK\$1,881,954,000 at 30 June 2015 (31 December 2014: HK\$1,932,818,000).

**12 Trade and other payables**

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

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Due within one month or on demand	<b>32,933</b>	75,123
Due after one month but within three months	<b>24,900</b>	7,244
Due after three months	<b>3,042</b>	578
	<b>60,875</b>	82,945

**13 Loans from non-controlling shareholders**

Loans from non-controlling shareholders are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. Loans from non-controlling shareholders are unsecured, interest-free and repayable on demand except for loans with carrying amount of HK\$79,945,000 which are repayable on 30 April 2020 (31 December 2014: HK\$Nil) and classified as non-current liabilities.

## 14 Capital and dividends

### (a) Dividends

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

	2015 HK\$'000	2014 HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.03 per share (2014: HK\$0.03 per share)	10,206	10,206

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

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.12 per share (six months ended 30 June 2014: HK\$0.15 per share)	40,824	51,030

### (b) Share capital

	At 30 June 2015		At 31 December 2014	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	340,200	498,305	340,200	340,200
Transition to no-par value regime on 3 March 2014 (note)	-	-	-	158,105
At 30 June/31 December	340,200	498,305	340,200	498,305

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

**15 Fair value measurement of financial instruments****(a) Financial assets and liabilities carried at fair value**

The Group's available-for-sale securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13. All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

The Group's derivative financial instruments are measured by discounting the contractual forward price and deducting the current spot rate. The discounting rate is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread and therefore fall within the Level 2 fair value hierarchy as defined in HKFRS 13.

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders with a repayment date at 30 April 2020, the carrying amount of which at 30 June 2015, was HK\$79,945,000 (31 December 2014: HK\$104,175,000), approximating its fair value. The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

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

	<b>At 30 June 2015 HK\$'000</b>	<b>At 31 December 2014 HK\$'000</b>
Contracted for	<b>35,477</b>	10,175
Authorised but not contracted for	<b>23,669</b>	8,421
	<b>59,146</b>	18,596

## 17 Material related party transactions

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

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2015. Goodland holds 28% of the equity interest in the Company at 30 June 2015. Mr Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 50% indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
<b>(a) Transactions with Goodland</b>			
Rental income receivable	(i)	599	359
Management fee payable	(ii)	1,683	2,230
Interest expense payable	(iv)	22	22
		<b>At 30 June 2015 HK\$'000</b>	<b>At 31 December 2014 HK\$'000</b>
<b>(b) Balances with Goodland</b>			
Loan from Goodland	(iii)	40,544	52,849
Amount due to Goodland	(iv)	23,900	18,673
<b>(c) Balances with KC Ho</b>			
Loan from KC Ho	(iii)	9,821	13,131
Amounts due to KC Ho	(v)	4,047	4,063

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.
- (ii) Certain subsidiaries of the Company paid management fees to Goodland.
- (iii) At 30 June 2015, loans from non-controlling shareholders (note 13) included (i) loan from Goodland with carrying amount of HK\$40,544,000 (31 December 2014: HK\$52,849,000) and (ii) loan from KC Ho with carrying amount of HK\$9,821,000 (31 December 2014: HK\$13,131,000). The balance were unsecured, interest-free and repayable on 30 April 2020.

**17 Material related party transactions** *(continued)*Notes: *(continued)*

- (iv) At 30 June 2015, trade and other payables included amount due to Goodland of HK\$23,900,000 (31 December 2014: HK\$18,673,000) comprising of:
- interest bearing accounts with certain subsidiaries of the Company amounting to HK\$7,377,000 (31 December 2014: HK\$1,527,000). Interest payable by the subsidiaries amounted to HK\$22,000 for the six months ended 30 June 2015 (2014: HK\$22,000).
  - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,523,000 (31 December 2014: HK\$17,146,000).

The balances are unsecured and repayable on demand.

- (v) As at 30 June 2015, loans from non-controlling shareholders included amounts due to KC Ho which were non-interest bearing, unsecured and repayable on demand.

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

**18 Contingent liabilities**

- (a) At 30 June 2015, 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 2014: HK\$8,252,000).
- (b) At 30 June 2015, guarantees of HK\$31,230,000 (C\$5,000,000) (2014: HK\$33,430,000 (C\$5,000,000)) were given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 30 June 2015, 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 recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

**19 Comparative figures**

As further explained in note 1(b) to the interim financial report, certain comparative figures have been adjusted to reflect the application of AG 5. Further details of these changes in accounting policies are disclosed in note 1(b).