



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

*Stock Code : 184*

**INTERIM REPORT 2020 INTERIM REPORT 2020**



## CORPORATE INFORMATION

### DIRECTORS

- HO Kim Swee @ HO Kian Guan  
 – *Executive Chairman*  
 HO Cheng Chong @ 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 Eng Chong @ HO Kian Cheong
  - \*\* KWOK Chi Shun Arthur
  - \*\* WANG Poey Foon Angela
  - \*\* YU Hon To David
  - \*\* Stephen TAN  
 HO Chung Kain @ HE Chongjing  
 (Alternate to HO Chung Hui)
  - \* HO Chung Kiat Sydney @ HE Chongjie Sydney  
 (Alternate to HO Kian Cheong)
- \* *Non-executive Director*  
 \*\* *Independent Non-executive Director*

### AUDIT COMMITTEE

YU Hon To David – *Chairman*  
 KWOK Chi Shun Arthur  
 WANG Poey Foon Angela  
 Stephen TAN

### REMUNERATION COMMITTEE

WANG Poey Foon Angela – *Chairman*  
 KWOK Chi Shun Arthur  
 YU Hon To David  
 Stephen TAN  
 TSE See Fan Paul  
 YU Yuet Chu Evelyn

### NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*  
 WANG Poey Foon Angela  
 YU Hon To David  
 Stephen TAN  
 TSE See Fan Paul  
 HO Chung Tao

### AUDITORS

KPMG  
 Public Interest Entity Auditor  
 registered in accordance with  
 the Financial Reporting Council Ordinance  
 8th Floor  
 Prince's Building  
 10 Chater Road  
 Central  
 Hong Kong

### SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited  
 Level 54, 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 2020.

The consolidated loss attributable to equity shareholders of the Company for the six months ended 30 June 2020 was HK\$149,013,000 (HK\$0.438 loss per share), compared to profit attributable to equity shareholders of the Company HK\$73,262,000 (HK\$0.215 earnings per share) for the first six months of 2019.

The Board does not recommend the payment of interim dividend for 2020 (2019: HK\$0.035).

## REVIEW OF OPERATIONS

To facilitate review of the Group’s performance and in preparation of the consolidated financial statements for the first half of 2020, the operations and reportable segments were presented by geographical locations. These locations are divided into Macau, the People’s Republic of China (the “PRC”), Vietnam, Japan, the United States (the “US”), Canada and other markets.

In the first half of 2020, the global economy was significantly impacted by the unprecedented outbreak of the COVID-19 pandemic (the “pandemic”). Different levels of lockdown, quarantine and social distancing measures in reaction to the pandemic have drastically reduced the human flows, social and business travelling, and tourism activities worldwide and have directly led to unprecedented reductions in global economic activities. Such extreme negative business environment has imposed intense pressure on the Group’s hotel businesses and has adversely affected the overall operating condition of the Group in the first half of 2020.

A summary and analysis of the operations are as follows.

### Macau

The pandemic has significantly dampened Macau economic activity, especially in tourism, hotel, retail and gaming sectors. Macau’s gambling revenue for the first half of 2020 was MOP33.7 billion, down 77.4% year-on-year. The number of visitors arriving in Macau fell to 3.3 million in the first half of 2020, down 83.9% from over 20.3 million in the first half of 2019. Macau’s GDP was MOP 56.58 billion in the first quarter of 2020, down by 47.7% year-on-year. Unemployment rate in June 2020 stood at 2.5%, which is still relatively low but was the highest reported figure since 2011, compared to 1.8% in June 2019.

Macau property sector was less affected by the pandemic. During the first half of 2020, rental revenue of the Group from Macau operations slightly increased to HK\$46.1 million, as compared to HK\$46.0 million in the first half of 2019. This is primarily due to higher reversionary rental rates being achieved, which more than offset concessionary rental rates granted to retail tenants in the second quarter of the year on a selective basis. Occupancy of our office building and residential units in the property portfolio were broadly stable with an occupancy rate of over 95% and 97% respectively in the first half of 2020.

There were no sales of properties during the first half of 2020.

Although market sentiment in the property sector has improved as the pandemic was widely seen to be progressively under control in Macau, it is expected that a downward adjustment in the economy will continue in the second half of 2020 as compared to 2019, and that the Macau property market is only likely to resume a strong upward trend only after travel restrictions are fully lifted, enabling local buyers and potential buyers from mainland China or Hong Kong to restore strength to the market. After reviewing Macau property market conditions and the state of the economy, the Group has decided to continue deferring sale of the properties currently classified under properties held for sale to a later time in order to fully capture the benefits to be accrued with the opening of the Hong Kong-Zhuhai-Macau Bridge, the newly opened Macau light-rail transit system, and the gradual integration of the Greater Bay Area post COVID-19. In the meantime, the Group will continue to lease out vacant units in order to maximise income.

### **The People's Republic of China**

In the first quarter of 2020, the Chinese economy had shrank by 6.8 per cent, the first contraction since implementation of economic reform and liberalisation in 1970s. For the first half of the year, the economy contracted by 1.6 percent over the same period of 2019.

### ***Holiday Inn Wuhan Riverside***

Results of the first half of 2020 were severely impacted by the COVID-19 outbreak. Room revenue of the hotel decreased to RMB7.5 million as compared to RMB16.5 million in the first half of 2019, a reduction of 54.5%. The food and beverage revenue of the hotel has also decreased to RMB3.9 million in the first half of 2020 from RMB8.4 million in the first half of 2019, a reduction of 53.2%.

During the first half of 2020, occupancy rate has decreased to 41.5%, as compared to 70.3% during the first half of 2019. Average room rate was at RMB327 per room night during the first half of 2020, as compared to RMB426 per room night during the first half of 2019.

## **Vietnam**

Due to success in containing the pandemic, Vietnam GDP increased by 1.8% in the first half of 2020, which is nevertheless still lower than the 6.8% expansion reported in the first half of 2019. However, hotel industry is expected to see a significant recovery only after the global economy recovers and global travel restrictions are lifted.

During the first six months of 2020, the Group's revenue from Vietnam decreased to HK\$194.3 million, as compared to HK\$374.7 million in the first half of 2019, a decrease of 48.1%. This is mainly due to the closure of borders and suspension of international flights since 22 March 2020.

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

For the first half of 2020, occupancy rate has decreased to 19.6%, as compared to 64.8% for the first half of 2019. Average room rate was at US\$174 per room night during the first half of 2020, as compared to US\$187 per room night during the first six months of 2019.

### ***Caravelle Hotel***

For the first half of 2020, occupancy rate has decreased to 16.0%, as compared to 74.5% for the first half of 2019. Average room rate was at US\$144 per room night during the first half of 2020, as compared to US\$147 per room night during the first six months of 2019.

## **Japan**

The Japanese economy is estimated to shrink 4.2% in the first half of 2020, as compared to a growth rate of 1.37% for the same period in 2019.

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

Osaka experienced an extensive shortfall on travellers and visitors driven by the travel restrictions for the city, particular in the second quarter of 2020. For the first half of 2020, occupancy rate has decreased to 23.2%, as compared to 89.7% for the first half of 2019. Average room rate was at JPY7,746 per room night during the first half of 2020, as compared to JPY8,894 per room night for the first half of 2019.

## **The United States ("US")**

The economic impact of the COVID-19 pandemic in the United States has been grossly disruptive. It has adversely affected employment, financial markets, travel and retail industries, etc., particularly in the second quarter of 2020.

In the first quarter of 2020, real GDP decreased by 5%. It was reported that the real GDP decreased at an annual rate of almost 33% in the second quarter of 2020.

As affected by the outbreak of the pandemic, the Group temporarily suspended our hotel operations in US since end of March 2020, which caused severe adverse effects on the Group's operations. These hotels currently remain closed and a majority of staff are put on furlough.

### ***W San Francisco***

For the first half of 2020, occupancy rate has decreased to 27.0%, as compared to 61.2% for the first half of 2019. Average room rate was at US\$428 per room night during the first half of 2020, as compared to US\$381 per room night during the first six months of 2019.

### ***Sofitel New York***

For the first half of 2020, occupancy rate has decreased to 30.6%, as compared to 85.8% for the first half of 2019. Average room rate was at US\$247 per room night during the first half of 2020, as compared to US\$325 per room night during the first six months of 2019.

### **Canada**

Canada has closed its landed ports of entry along the Canada-US border to non-essential travel. It has also banned international travel since 21 March 2020. The Canadian economy shrank 2.1% in the first quarter of 2020, compared to 1.3% growth in the first quarter of 2019.

In reaction to the outbreak of the pandemic and various lockdown measures, the Group temporarily suspended our hotel operations in Canada since 1 April 2020.

### ***The Sheraton Ottawa Hotel***

For the first half of 2020, occupancy rate has decreased to 34.1%, as compared to 75.7% for the first half of 2019. Average room rate was at C\$181 per room night during the first half of 2020, as compared to C\$186 per room night during the first six months of 2019.

### ***Delta Hotels by Marriott Toronto Airport & Conference Centre***

For the first half of 2020, occupancy rate has decreased to 30.0%, as compared to 70.4% for the first half of 2019. Average room rate was at C\$145 per room night during the first half of 2020, as compared to C\$143 per room night during the first six months of 2019.

Delta Hotel by Marriott Toronto Airport & Conference Centre's service excellence continues to be well recognised. It was awarded the Travelers' Choice Winner by TripAdvisor in 2020.

### **Other net losses**

Other net losses were at an amount of HK\$77.9 million, as compared to net gains of HK\$17.4 million in the first half of 2019. It was mainly attributable to net unrealised losses on other non-current financial assets for the first half of 2020 which amounted to HK\$59.7 million, as compared to net unrealised gains of HK\$25.1 million for the first half of 2019.

## FINANCIAL REVIEW

The Group's revenue was HK\$428.9 million for the first six months of 2020, a decrease of 53.2% as compared to the corresponding period in 2019. The decrease was primarily due to the decline of hotel business during the unprecedented outbreak of the COVID-19 pandemic.

The Group turned into operating loss of HK\$162.5 million for the period ended 30 June 2020, as compared to operating profit of HK\$151.0 million for the corresponding period in 2019.

Losses attributable to equity shareholders was HK\$149.0 million as compared to profit attributable to equity shareholders of HK\$73.3 million in the first half year of 2019. The decrease in profit of the Group for the first half year of 2020 was mainly attributable to decrease in hotel business and net unrealised losses on other non-current financial assets.

## IMPACT CAUSED BY THE OUTBREAK OF COVID-19

As described in the Group's 2019 annual report, followed by various business updates and the profit warning announcements issued by the Group on 13 March 2020, 28 May 2020 and 6 August 2020 respectively, the COVID-19 outbreak has had a materially adverse effect on our operating results in the first half of 2020, which has placed unprecedented pressure on the group's operating performance position.

The Group's hotel segment was significantly affected by the pandemic. With global travel lockdown, quarantine and safety concerns deterring people from travelling for the foreseeable future, travels were sharply curtailed around the world and it also triggered cancellations of rooms and events bookings. Revenue from hotel operations amounted to HK\$375.1 million, a reduction of 56.3% as compared to HK\$857.8 million for the corresponding period in 2019. The reduction was mainly attributable to the decline of hotel business, including the impact of temporarily suspension of hotel business operations in US and Canada due to the outbreak of the pandemic since 22 March 2020 and 1 April 2020 respectively.

Whilst the Group's property business was less affected by the Pandemic, the rental revenues from Macau operations slightly increased to HK\$46.1 million during the Period, as compared to HK\$46.0 million in the first half of 2019.

In addition, the Group reported an unrealised losses of HK\$59.7 million on our investment in A2I Holdings S.A.R.L., which owns 7.02% equity shares of AccorInvest Group S.A.

Despite the Group has put in place various cost control measures in response to the challenging operating environment, the Group sustained a consolidated operating loss of HK\$162.5 million for the six months ended 30 June 2020, as compared to an operating profit of HK\$151.0 million for the corresponding period in 2019.

## PLEDGE OF ASSETS

As at 30 June 2020, hotel properties including land, and certain properties held for sale with an aggregate value of HK\$2,483.9 million (31 December 2019: HK\$2,774.3 million) were pledged to bank to secure bank loans and banking facilities granted to the Group.

## CONTINGENT LIABILITIES

As at 30 June 2020, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favor of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2019: HK\$8,252,000).

As at 30 June 2020, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group has 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 global economy were hit hard by COVID-19 pandemic in unprecedented proportions and the spread of the pandemic has yet to be brought under control. Under such a volatile scenario, the duration and extent of its impact cannot be easily determined. Ongoing adverse economic, financial, trade and technological disputes between major countries have also injected additional elements of uncertainty in international as well as local business models. It is widely anticipated that businesses worldwide will continue to face challenges and disruptions in the rest of 2020 and 2021.

Notwithstanding the above information, and despite the extraordinary operating conditions brought about by the pandemic, the overall financial position of the Group remains sound and solid, and the various operating units are well positioned to take advantage of any upturn in the various markets.

The Group will continue to be cautious and will only focus on seeking investment that creates long-term value on a sustainable basis for shareholders. We will also continue to adopt a disciplined and pragmatic approach towards possible acquisitions, targeting industries and countries or regions where the Group has experience and comparative advantages.

## PERSONNEL AND RETIREMENT SCHEMES

As at 30 June 2020, the Group had approximately 1,414 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

## **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 and 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 2020, 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; and
2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term.

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.

## **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 and internal 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 2020.

## 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 Board as to the recruitment of Directors. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Nomination Committee.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 2020.

## CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

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

Name of Director	Details of changes
Mr. Stephen TAN	Mr. Tan has been designated as a member of the Board of Governor of Hong Kong Sinfonietta Limited with effect from April 2020.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The Directors of the Company who held office as at 30 June 2020 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 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) Limited	HO Kian Guan	496,480	198,084,320 <sup>(2)</sup>	198,580,800	58.37
	HO Kian Hock	20,480	198,084,320 <sup>(2)</sup>	198,104,800	58.23
	HO Kian Cheong	55,160,480	–	55,160,480	16.21
	TSE See Fan Paul	288,720	–	288,720	0.08
Lam Ho Investments Pte Ltd	HO Kian Guan	–	32,410,774 <sup>(3)</sup>	32,410,774	99.70
	HO Kian Hock	–	32,410,774 <sup>(3)</sup>	32,410,774	99.70
	HO Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Limited	HO Kian Guan	–	83,052 <sup>(4)</sup>	83,052	83.05
	HO Kian Hock	–	83,052 <sup>(4)</sup>	83,052	83.05
	HO Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Company Limited – paid in registered capital in US\$	HO Kian Guan	–	13,163,880 <sup>(5)</sup>	13,163,880	80.76
	HO Kian Hock	–	13,163,880 <sup>(5)</sup>	13,163,880	80.76
	HO Kian Cheong	1,017,120	–	1,017,120	6.24
	KWOK Chi Shun Arthur	–	489,000 <sup>(6)</sup>	489,000	3.00
Golden Crown Development Limited – common shares	HO Kian Guan	–	56,675,000 <sup>(7)</sup>	56,675,000	80.96
	HO Kian Hock	–	56,675,000 <sup>(7)</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 Company Limited	HO Kian Guan	–	1,000,000 <sup>(8)</sup>	1,000,000	100.00
	HO Kian Hock	–	1,000,000 <sup>(8)</sup>	1,000,000	100.00
Shun Cheong International Limited	HO Kian Guan	–	4,305 <sup>(9)</sup>	4,305	43.05
	HO Kian Hock	–	4,305 <sup>(9)</sup>	4,305	43.05
	HO Kian Cheong	195	–	195	1.95
	KWOK Chi Shun Arthur	–	5,500 <sup>(10)</sup>	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	HO Kian Guan	–	28,405,000 <sup>(11)</sup>	28,405,000	100.00
	HO Kian Hock	–	28,405,000 <sup>(11)</sup>	28,405,000	100.00
KSF Enterprises Sdn Bhd – Redeemable Convertible Preference	HO Kian Guan	–	24,000,000 <sup>(12)</sup>	24,000,000	100.00
	HO Kian Hock	–	24,000,000 <sup>(12)</sup>	24,000,000	100.00
Chateau Ottawa Hotel Inc. – common shares	HO Kian Guan	–	9,000,000 <sup>(13)</sup>	9,000,000	100.00
	HO Kian Hock	–	9,000,000 <sup>(13)</sup>	9,000,000	100.00
Chateau Ottawa Hotel Inc. – preferred shares	HO Kian Guan	–	2,700,000 <sup>(14)</sup>	2,700,000	100.00
	HO Kian Hock	–	2,700,000 <sup>(14)</sup>	2,700,000	100.00

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

Notes:

- (1) This represents interests held by the relevant Directors as beneficial owners.
- (2) This represents 101,437,360 shares (29.82%) held by Kansas Holdings Limited and 96,646,960 shares (28.41%) held by Goodland Limited, in which companies each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (3) This represents 29,776,951 shares (91.60%) indirectly held by the Company and 2,633,823 shares (8.10%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (4) 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.
- (5) This represents US\$8,965,000 (55.00%) 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.
- (6) This represents interests held by AKAA Project Management International Limited which was wholly owned by KWOK Chi Shun Arthur.
- (7) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (8) This represents 1 quota of Ptc999,000 (99.90%) indirectly held by the Company and 1 quota of Ptc1,000 (0.10%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (9) 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.
- (10) This represents interests held by Ample Star Enterprise Limited in which KWOK Chi Shun Arthur had a controlling interest.
- (11) This represents 7,101,250 ordinary shares (25.00%) directly held by the Company, 7,101,249 ordinary shares (25.00%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 14,202,501 ordinary shares (50.00%) held by Keck Seng (Malaysia) Berhad in which each of HO Kian Guan and HO Kian Hock was a substantial shareholder and a director.
- (12) This represents 6,000,000 Redeemable Convertible Preference Shares (25.00%) directly held by the Company, 6,000,000 Redeemable Convertible Preference Shares (25.00%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 12,000,000 Redeemable Convertible Preference Shares (50.00%) held by Keck Seng (Malaysia) Berhad in which each of HO Kian Guan and HO Kian Hock was a substantial shareholder and a director.
- (13) This represents 7,650,000 common shares (85.00%) indirectly held by the Company; 900,000 common shares (10%) held by KSC Enterprises Ltd. and 450,000 common shares (5.00%) held by Allied Pacific Investments Inc., both in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.
- (14) This represents 2,295,000 preferred shares (85.00%) indirectly held by the Company; 270,000 preferred shares (10%) held by KSC Enterprises Ltd. and 135,000 preferred shares (5.00%) held by Allied Pacific Investments Inc., both 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, as at 30 June 2020, 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 Stock Exchange pursuant to the Model Code.

**SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES**

As at 30 June 2020, 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>
KS Ocean Inc. (Note 1, 2)	Interests of controlled corporations	198,084,320	58.23
Pad Inc. (Note 1)	Interests of controlled corporations	96,646,960	28.41
Lapford Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 2)	Beneficial owner	101,437,360	29.82
Goodland Limited (Note 1)	Beneficial owner	96,646,960	28.41

## Notes:

- (1) KS 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) KS Ocean Inc. had deemed interests in the same 101,437,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, as at 30 June 2020, 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, 25 August 2020



## **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 14 to 36 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") as of 30 June 2020 and the related consolidated statement of profit or loss, statement of profit or loss and other 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 2020 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

25 August 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 30 June 2020 – unaudited*

	Note	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	3	<b>428,916</b>	916,123
Cost of sales		<b>(49,793)</b>	(99,371)
		<b>379,123</b>	816,752
Other revenue	4(a)	<b>27,076</b>	39,508
Other net (losses)/gains	4(b)	<b>(77,870)</b>	17,447
Direct costs and operating expenses		<b>(224,366)</b>	(399,802)
Marketing and selling expenses		<b>(8,151)</b>	(30,919)
Depreciation		<b>(82,357)</b>	(79,027)
Administrative and other operating expenses		<b>(175,947)</b>	(212,914)
<b>Operating (loss)/profit</b>		<b>(162,492)</b>	151,045
(Decrease)/increase in fair value of investment properties	8	<b>(3,600)</b>	12,400
		<b>(166,092)</b>	163,445
Finance costs	5(a)	<b>(24,230)</b>	(30,890)
Share of (losses)/profits of associates		<b>(4,715)</b>	2,630
(Loss)/profit before taxation	5	<b>(195,037)</b>	135,185
Income tax credit/(expense)	6	<b>53,748</b>	(12,476)
(Loss)/profit for the period		<b>(141,289)</b>	122,709
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(149,013)</b>	73,262
Non-controlling interests		<b>7,724</b>	49,447
<b>(Loss)/profit for the period</b>		<b>(141,289)</b>	122,709
<b>(Loss)/earnings per share, basic and diluted (cents)</b>	7	<b>(43.8)</b>	21.5

Details of dividends payable to equity shareholders of the Company are set out in note 15(a). The notes on pages 20 to 36 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 – unaudited

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
<b>(Loss)/profit for the period</b>	<b>(141,289)</b>	122,709
<b>Other comprehensive income for the period</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>(625)</b>	(16)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	<b>(14,946)</b>	(526)
<b>Other comprehensive income for the period</b>	<b>(15,571)</b>	(542)
<b>Total comprehensive income for the period</b>	<b>(156,860)</b>	122,167
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(162,403)</b>	71,282
Non-controlling interests	<b>5,543</b>	50,885
<b>Total comprehensive income for the period</b>	<b>(156,860)</b>	122,167

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

The notes on pages 20 to 36 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 June 2020 – unaudited*

	Note	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
<b>Non-current assets</b>			
Investment properties	8	<b>870,100</b>	873,700
Property, plant and equipment		<b>2,194,309</b>	2,252,984
Land		<b>817,446</b>	824,274
		<b>3,881,855</b>	3,950,958
Interest in associates		<b>115,938</b>	121,060
Derivative financial assets		–	865
Other non-current financial assets	9	<b>189,642</b>	250,997
Deferred tax assets		<b>140,594</b>	116,081
		<b>4,328,029</b>	4,439,961
<b>Current assets</b>			
Trading securities		<b>11,376</b>	11,899
Properties held for sale		<b>280,473</b>	280,473
Inventories		<b>5,156</b>	6,074
Trade and other receivables	10	<b>56,755</b>	113,271
Deposits and cash	11	<b>1,715,647</b>	1,978,472
Taxation recoverable		<b>40,660</b>	1,971
		<b>2,110,067</b>	2,392,160
<b>Current liabilities</b>			
Bank loans	12	<b>1,687,617</b>	1,701,024
Trade and other payables	13	<b>326,167</b>	441,317
Loan from an associate		<b>464</b>	464
Loans from non-controlling shareholders	14	<b>26,171</b>	106,991
Taxation payable		<b>20,972</b>	16,655
		<b>2,061,391</b>	2,266,451

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**At 30 June 2020 – unaudited*

	Note	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
<b>Net current assets</b>		<b>48,676</b>	125,709
<b>Total assets less current liabilities</b>		<b>4,376,705</b>	4,565,670
<b>Non-current liabilities</b>			
Bank loans	12	<b>62,851</b>	83,700
Deferred revenue		<b>4,212</b>	4,690
Loans from non-controlling shareholders	14	<b>63,222</b>	–
Derivative financial liabilities		<b>5,392</b>	–
Deferred tax liabilities		<b>96,815</b>	99,608
		<b>232,492</b>	187,998
<b>NET ASSETS</b>		<b>4,144,213</b>	4,377,672
<b>CAPITAL AND RESERVES</b>	15		
Share capital		<b>498,305</b>	498,305
Reserves		<b>2,999,390</b>	3,200,903
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,497,695</b>	3,699,208
<b>Non-controlling interests</b>		<b>646,518</b>	678,464
<b>TOTAL EQUITY</b>		<b>4,144,213</b>	4,377,672

The notes on pages 20 to 36 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2020 – unaudited*

	Attributable to equity shareholders of the Company							Total HK\$'000
	Share capital HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve (non- recycling) HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 January 2020	498,305	15,696	5,687	3,648	3,175,872	3,699,208	678,464	4,377,672
(Loss)/profit for the period	-	-	-	-	(149,013)	(149,013)	7,724	(141,289)
Other comprehensive income	-	-	(12,765)	(625)	-	(13,390)	(2,181)	(15,571)
Total comprehensive income for the period	-	-	(12,765)	(625)	(149,013)	(162,403)	5,543	(156,860)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	16,910	16,910
Transfer from retained profits to legal reserve	-	2,194	-	-	(2,194)	-	-	-
Dividends approved in respect of the previous year (note 15(a))	-	-	-	-	(15,309)	(15,309)	-	(15,309)
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(14,448)	(14,448)
Acquisition of non-controlling interests (note 15(c))	-	-	875	-	(24,676)	(23,801)	(39,951)	(63,752)
Balance at 30 June 2020	498,305	17,890	(6,203)	3,023	2,984,680	3,497,695	646,518	4,144,213
Balance at 1 January 2019	498,305	12,758	9,595	3,605	3,226,025	3,750,288	669,928	4,420,216
Profit for the period	-	-	-	-	73,262	73,262	49,447	122,709
Other comprehensive income	-	-	(1,964)	(16)	-	(1,980)	1,438	(542)
Total comprehensive income for the period	-	-	(1,964)	(16)	73,262	71,282	50,885	122,167
Transfer from retained profits to legal reserve	-	6,311	-	-	(6,311)	-	-	-
Dividends approved in respect of the previous year (note 15(a))	-	-	-	-	(40,824)	(40,824)	-	(40,824)
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(62,760)	(62,760)
Balance at 30 June 2019	498,305	19,069	7,631	3,589	3,252,152	3,780,746	658,053	4,438,799

The notes on pages 20 to 36 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2020 – unaudited

	Note	Six months ended 30 June 2020 HK\$'000	2019 HK\$'000
<b>Operating activities</b>			
Cash (used in)/generated from operations		<b>(91,793)</b>	191,002
Overseas tax (paid)/refunded		<b>(8,952)</b>	3,285
<b>Net cash (used in)/generated from operating activities</b>		<b>(100,745)</b>	194,287
<b>Investing activities</b>			
Decrease/(increase) in bank deposits with original maturity more than three months		<b>593,013</b>	(240,839)
Interest received		<b>14,720</b>	23,103
Dividends received from listed and unlisted securities		<b>265</b>	5,059
Payment for the purchase of property, plant and equipment		<b>(45,334)</b>	(194,347)
Proceeds from sale of property, plant and equipment		–	438
Payment for acquisition of non-controlling interests		<b>(63,752)</b>	–
<b>Net cash generated from/(used in) investing activities</b>		<b>498,912</b>	(406,586)
<b>Financing activities</b>			
Proceeds from new bank loans		<b>9,810</b>	192,625
Repayment of bank loans		<b>(34,304)</b>	(33,237)
Interest paid		<b>(18,594)</b>	(28,300)
Dividends paid to non-controlling shareholders		<b>(14,448)</b>	(62,760)
<b>Net cash (used in)/generated from financing activities</b>		<b>(57,536)</b>	68,328
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>340,631</b>	(143,971)
<b>Cash and cash equivalents at 1 January</b>		<b>1,158,559</b>	1,802,056
<b>Effect of foreign exchange rate changes</b>		<b>(10,443)</b>	(3,130)
<b>Cash and cash equivalents at 30 June</b>	11	<b>1,488,747</b>	1,654,955

The notes on pages 20 to 36 form part of this interim financial report

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 25 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 13. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 December 2019 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 2019 to the Registrar of Companies as required by 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.

## 2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

None of these amendments have had a material effect on how the Group's results and the financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 Revenue and 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.

- 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.
- 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.
- Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, non-trading and trading securities, financial instruments and other treasury operations.

### (a) Revenue

Revenue represents income from hotel and club operations, proceeds from sales of properties, rental income and the provision of management services. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Hotel and club operations	378,055	861,560
Rental income	46,994	46,861
Proceeds from sales of properties	–	4,580
Management fee income	3,867	3,122
	<b>428,916</b>	916,123

### 3 Revenue and segment reporting (continued)

#### (b) Segment results, assets and liabilities

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

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

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

Segment liabilities include all trade and other payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

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

	Revenue HK\$ '000	Inter- segment revenue HK\$ '000	Total HK\$ '000	Depreciation HK\$ '000	Finance costs HK\$ '000	Share of (losses)/ profits of associates HK\$ '000	Income tax credit/ (expense) HK\$ '000	Contribution to (loss)/profit HK\$ '000
<b>For the six months ended</b>								
<b>30 June 2020</b>								
Hotel	375,111	-	375,111	(80,381)	(24,192)	(4,715)	61,210	(89,505)
- Vietnam	194,263	-	194,263	(27,429)	(4,054)	(2,537)	(3,653)	11,541
- United States	145,891	-	145,891	(40,924)	(18,277)	-	60,337	(81,733)
- The People's Republic of China	14,086	-	14,086	(4,968)	(1,560)	-	-	(6,598)
- Canada	16,231	-	16,231	(5,111)	(301)	(2,178)	2,038	(7,839)
- Japan	4,640	-	4,640	(1,949)	-	-	2,488	(4,876)
Property								
- Macau	52,727	-	52,727	(1,928)	(38)	-	(2,965)	20,508
Investment and corporate	1,078	-	1,078	(48)	-	-	(4,497)	(72,292)
<b>Total</b>	<b>428,916</b>	<b>-</b>	<b>428,916</b>	<b>(82,357)</b>	<b>(24,230)</b>	<b>(4,715)</b>	<b>53,748</b>	<b>(141,289)</b>
<b>For the six months ended</b>								
<b>30 June 2019</b>								
Hotel	857,787	-	857,787	(76,604)	(30,761)	2,630	(2,368)	47,465
- Vietnam	374,665	-	374,665	(19,987)	-	418	(19,386)	72,943
- United States	386,034	-	386,034	(44,750)	(27,884)	-	20,445	(38,121)
- The People's Republic of China	32,736	-	32,736	(5,104)	(2,470)	-	-	(100)
- Canada	45,078	-	45,078	(4,911)	(407)	2,212	(2,011)	7,788
- Japan	19,274	-	19,274	(1,852)	-	-	(1,416)	4,955
Property								
- Macau	56,895	1,453	58,348	(2,376)	(129)	-	(5,587)	46,859
Investment and corporate	1,441	-	1,441	(47)	-	-	(4,521)	28,385
Inter-segment elimination	-	(1,453)	(1,453)	-	-	-	-	-
<b>Total</b>	<b>916,123</b>	<b>-</b>	<b>916,123</b>	<b>(79,027)</b>	<b>(30,890)</b>	<b>2,630</b>	<b>(12,476)</b>	<b>122,709</b>

### 3 Revenue and segment reporting (continued)

#### (d) 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 2020</b>				
Hotel				
– Vietnam	464,789	80,529	545,318	68,151
– United States	2,528,101	–	2,528,101	119,078
– The People's Republic of China	162,128	–	162,128	880
– Canada	127,607	31,256	158,863	6,015
– Japan	107,049	–	107,049	–
Property				
– Macau	1,908,554	–	1,908,554	217
Investment and corporate	1,023,930	4,153	1,028,083	6
<b>Total</b>	<b>6,322,158</b>	<b>115,938</b>	<b>6,438,096</b>	<b>194,347</b>
<b>At 31 December 2019</b>				
Hotel				
– Vietnam	485,050	83,066	568,116	124,623
– United States	2,611,481	–	2,611,481	196,302
– The People's Republic of China	171,688	–	171,688	4,444
– Canada	147,651	33,823	181,474	8,100
– Japan	111,550	–	111,550	1,088
Property				
– Macau	1,910,233	–	1,910,233	617
Investment and corporate	1,273,408	4,171	1,277,579	12
<b>Total</b>	<b>6,711,061</b>	<b>121,060</b>	<b>6,832,121</b>	<b>335,186</b>

Investment and corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the Group treasury function.

## 3 Revenue and segment reporting (continued)

## (e) Analysis of total liabilities of the Group

	Segment liabilities HK\$'000	Bank borrowings HK\$'000	Total liabilities HK\$'000
<b>At 30 June 2020</b>			
Hotel			
– Vietnam	131,214	128,310	259,524
– United States	69,952	1,601,674	1,671,626
– The People's Republic of China	81,123	–	81,123
– Canada	2,630	20,484	23,114
– Japan	1,452	–	1,452
Property			
– Macau	173,228	–	173,228
Investment and corporate	83,816	–	83,816
<b>Total</b>	<b>543,415</b>	<b>1,750,468</b>	<b>2,293,883</b>
<b>At 31 December 2019</b>			
Hotel			
– Vietnam	170,610	120,818	291,428
– United States	140,980	1,641,485	1,782,465
– The People's Republic of China	99,682	–	99,682
– Canada	9,402	22,421	31,823
– Japan	2,824	–	2,824
Property			
– Macau	175,989	–	175,989
Investment and corporate	70,238	–	70,238
<b>Total</b>	<b>669,725</b>	<b>1,784,724</b>	<b>2,454,449</b>

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>(a) Other revenue</b>		
Interest income	14,720	23,103
Dividend income from listed and unlisted securities	265	5,059
Others	12,091	11,346
	<b>27,076</b>	39,508
<b>(b) Other net (losses)/gains</b>		
Loss on disposal of property, plant and equipment	–	(2,309)
Net exchange losses	(11,317)	(2,604)
Net unrealised losses on derivative financial instruments	(6,330)	(4,450)
Net unrealised (losses)/gains on other non-current financial assets (note 16)	(59,700)	25,066
Net unrealised (losses)/gains on trading securities	(523)	1,744
	<b>(77,870)</b>	17,447

**5 (Loss)/profit before taxation**

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(a) Finance costs</b>		
Bank loan interests	<b>22,646</b>	28,301
Discounting effect on loans from non-controlling shareholders	<b>1,560</b>	2,470
Other interest expenses	<b>24</b>	119
	<b>24,230</b>	30,890
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	<b>208,571</b>	302,947
Contributions to defined contribution retirement plans	<b>4,063</b>	4,839
	<b>212,634</b>	307,786
<b>(c) Other items</b>		
Cost of inventories	<b>14,213</b>	34,895
Rental income from properties less direct outgoings of HK\$676,000 (2019: HK\$1,262,000)	<b>(45,393)</b>	(45,599)

## 6 Income tax credit/(expense)

Taxation in the consolidated statement of profit or loss represents:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Current tax – Overseas</b>		
Provision for the period	<b>9,225</b>	30,006
Over-provision in respect of prior years	<b>(4)</b>	–
Tax concession in the United States (note (v))	<b>(34,734)</b>	–
	<b>(25,513)</b>	30,006
<b>Deferred taxation</b>		
Origination and reversal of other temporary differences	<b>(28,235)</b>	(17,530)
	<b>(53,748)</b>	12,476

Notes:

- (i) 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 2020 and 30 June 2019.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (iii) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2019: 20%) for the six months ended 30 June 2020.
- (iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2019: 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 purposes for the six months ended 30 June 2020 and 30 June 2019.
- (v) 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 ("US subsidiaries") are calculated at a rate of 21% (2019: 21%) and 12.20% (2019: 12.64%) respectively for the six months ended 30 June 2020.

On 27 March 2020, Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in the United States under which the US subsidiaries are allowed for a five-year carry back of net operating losses ("NOLs") arising in tax years 2018 to 2020. As a result, tax concession of HK\$34.7 million has been recognised as "Tax recoverable" as at 30 June 2020, with HK\$21.5 million realised from the "Deferred tax assets" recognised as at 31 December 2019.

**6 Income tax credit/(expense) (continued)**

- (vi) 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 21.36% (2019: 21.42%) on all gross profit distributions from the subsidiary.
- (vii) Provision for Macau, Complementary Tax is calculated at 12% (2019: 12%) of the estimated assessable profits for the six months ended 30 June 2020. Macau Property Tax is calculated at 8% (2019: 8%) of the assessable rental income in Macau.
- (viii) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2019: 26.5%).

**7 (Loss)/earnings per share**

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$149,013,000 (2019: profit of HK\$73,262,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2020 and 30 June 2019.

There is no potential dilutive ordinary share during the six months ended 30 June 2020 and 30 June 2019.

**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 a decrease in fair value of investment properties of HK\$3,600,000 (2019: increase of HK\$12,400,000) in profit or loss for the six months period ended 30 June 2020.

**9 Other non-current financial assets**

	Note	30 June 2020 HK\$'000	31 December 2019 HK\$'000
<b>Equity securities designated at FVOCI (non-recycling)</b>			
– Listed outside Hong Kong		<b>3,614</b>	4,239
<b>Financial assets measured at FVPL</b>			
– Unlisted securities	(i)	<b>186,028</b>	246,758
		<b>189,642</b>	250,997

Note:

- (i) At 30 June 2020, the Group owned 9.86% (31 December 2019: 9.86%) interest of A2I Holdings S.A.R.L.. A2I Holdings S.A.R.L. is a private limited liability company incorporated in Luxembourg which owns 7.02% (31 December 2019: 7.02%) equity shares of AccorInvest Group S.A..

## 10 Trade and other receivables

Included in trade and other receivables are trade receivables (net of loss allowance) with the following ageing analysis (by invoice date) as of the end of the reporting period:

	<b>At 30 June 2020 HK\$'000</b>	At 31 December 2019 HK\$'000
Within one month	<b>10,616</b>	33,329
One to three months	<b>790</b>	6,838
More than three months	<b>1,104</b>	688
	<b>12,510</b>	40,855

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 customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted.

## 11 Deposits and cash

	<b>At 30 June 2020 HK\$'000</b>	At 31 December 2019 HK\$'000
Deposits with banks and other financial institutions	<b>1,547,988</b>	1,733,658
Cash at bank	<b>167,659</b>	244,814
Deposits and cash in the consolidated statement of financial position	<b>1,715,647</b>	1,978,472
Less: Deposits with original maturity greater than three months	<b>(226,900)</b>	(819,913)
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>1,488,747</b>	1,158,559

## 12 Bank loans

- (a) At 30 June 2020 and 31 December 2019, the bank loans were repayable as follows:

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Within 1 year or on demand	1,687,617	1,701,024
After 1 year but within 2 years	62,851	64,857
After 2 years but within 5 years	–	18,843
	<b>62,851</b>	83,700
	<b>1,750,468</b>	1,784,724

At 30 June 2020 and 31 December 2019, the bank loans were secured and unsecured as follows:

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Bank loans		
– Secured (note 12(b))	1,622,158	1,663,906
– Unsecured	128,310	120,818
	<b>1,750,468</b>	1,784,724

At 30 June 2020 and 31 December 2019, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

- (b) At 30 June 2020, 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\$64,336,000 (31 December 2019: HK\$64,336,000); and
  - (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,419,611,000 (31 December 2019: HK\$2,709,974,000).

Such banking facilities amounted to HK\$1,707,213,000 (31 December 2019: HK\$1,748,975,000) and were utilised to the extent of HK\$1,662,158,000 as at 30 June 2020 (31 December 2019: HK\$1,663,906,000).

**12 Bank loans** *(continued)*

- (c) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the draw down facilities would become payable on demand. As at 30 June 2020, certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements. At 30 June 2020, Loan 1 amounting to HK\$924,356,000 and Loan 2 amounting to HK\$20,484,000 were repayable within 1 year and after 1 year respectively pursuant to the relevant loan agreements. For Loan 1, the management has obtained a waiver from the bank to waive the testing of the covenant prior to the end of the interim period. For Loan 2, the management has obtained a waiver from the bank to waive the testing of the covenant subsequent to the end of the interim period. The Group has presented the entire loan balance of both Loan 1 and Loan 2 as "Current liabilities".

**13 Trade and other payables**

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Within one month or on demand	<b>27,855</b>	69,711
One to three months	<b>18,635</b>	30,178
More than three months	<b>29,447</b>	1,712
	<b>75,937</b>	101,601

**14 Loans from non-controlling shareholders**

At 30 June 2020, loans from non-controlling shareholders were unsecured, interest-free and repayable on demand except for amounts of HK\$63,222,000 which were repayable on 30 April 2025 and classified as non-current liabilities.

At 31 December 2019, loans from non-controlling shareholders were unsecured, interest-free and repayable on demand except for amounts of HK\$79,262,000 which were repayable on 30 April 2020.

**15 Capital, reserves and dividends****(a) Dividends***(i) Dividends payable to equity shareholders attributable to the interim period*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
No interim dividend declared and paid after the interim period (2019: HK\$0.035) per ordinary share	–	11,907

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and payable/paid during the following interim period, of HK\$0.045 (six months ended 30 June 2019: HK\$0.12) per ordinary share	<b>15,309</b>	40,824

**(b) Share capital**

	<b>At 30 June 2020</b>		At 31 December 2019	
	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 and at 30 June/31 December	<b>340,200</b>	<b>498,305</b>	340,200	498,305

**(c) Reserves***(i) Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period.

*(ii) Acquisition of non-controlling interests*

During the six months ended 30 June 2020, the Group paid HK\$63,752,150 to acquire non-controlling interests in respect of the Group's interest in a hotel property situated in Canada.

## 16 Fair value measurement of financial instruments

### (a) Financial assets and liabilities measured at fair value

- (i) The Group's listed equity 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. The derivative financial assets carried at fair value are categorised as falling under Level 2 of the fair value hierarchy. The unlisted securities carried at fair value are categorised as falling under Level 3 of the fair value hierarchy.

During the six months ended 30 June 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: 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.

### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The Group's derivative financial instruments of interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties. These derivative financial instruments fall within the Level 2 fair value hierarchy as defined in HKFRS13.

### (iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Unlisted securities	Adjusted net asset value	Underlying assets' value	N/A	The estimated fair value would increase if the
		Discount for marketability	15% to 25% (2019: 15% to 25%)	underlying assets' value is higher; or the discount for marketability is lower.

**16 Fair value measurement of financial instruments (continued)****(a) Financial assets and liabilities measured at fair value (continued)***(iii) Information about Level 3 fair value measurements (continued)*

The fair value of unlisted securities is determined using adjusted net asset value, which is positively correlated to the underlying assets' values and negatively correlated to the discount for marketability. The following table indicates instantaneous changes in the Group's loss/profit if there is an increase/decrease in these two significant unobservable inputs, assuming all other variables remain constant.

Significant unobservable inputs	Increase/ (decrease) in significant unobservable inputs %	Six months ended 30 June	
		2020	2019
		Decrease/ (increase) in the Group's loss HK\$'000	Increase/ (decrease) in the Group's profit HK\$'000
Underlying assets' value	5	<b>9,301</b>	12,117
	(5)	<b>(9,301)</b>	(12,117)
Discount for marketability	1	<b>(2,277)</b>	(2,906)
	(1)	<b>2,277</b>	2,906

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	At 30 June 2020 HK\$'000	At 30 June 2019 HK\$'000
<i>Financial assets measured at FVPL:</i>		
<i>– Unlisted securities:</i>		
At 1 January	<b>246,758</b>	219,099
Changes in fair value recognised in profit or loss	<b>(59,700)</b>	25,066
Unrealised exchange loss	<b>(1,030)</b>	(1,834)
At 30 June	<b>186,028</b>	242,331

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

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 30 June 2020 and 31 December 2019.

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

	<b>At 30 June 2020 HK\$'000</b>	At 31 December 2019 HK\$'000
Contracted for	<b>17,825</b>	39,156
Authorised but not contracted for	<b>19,928</b>	23,244
	<b>37,753</b>	62,400

**18 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 2020. Goodland holds 28% of the equity interest in the Company at 30 June 2020. Mr HO Kian Guan and Mr HO Kian Hock, Executive Directors of the Company, each had 1/3 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

	Note	<b>Six months ended 30 June</b>	
		<b>2020 HK\$'000</b>	2019 HK\$'000
<b>(a) Transactions with Goodland</b>			
Rental income receivable	(i)	<b>254</b>	821
Management fee payable	(ii)	<b>984</b>	1,650
		<b>At 30 June 2020 HK\$'000</b>	At 31 December 2019 HK\$'000
<b>(b) Balances with Goodland</b>			
Loan from Goodland	(iii)	<b>32,885</b>	41,015
Amounts due to Goodland	(iv)	<b>17,937</b>	15,776
<b>(c) Balances with KC Ho</b>			
Loan from KC Ho	(iii)	<b>7,966</b>	9,935
Amounts due to KC Ho	(iii)	<b>3,527</b>	3,707

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.

**18 Material related party transactions** *(continued)*

Notes: *(continued)*

- (iii) At 30 June 2020, loan from Goodland of HK\$32,885,000 and loan from KC Ho of HK\$7,966,000 were unsecured, interest-free and repayable on 30 April 2025.

At 31 December 2019, loan from Goodland of HK\$41,015,000 and loan from KC Ho of HK\$9,935,000 were unsecured, interest-free and repayable on 30 April 2020.

Amounts due to KC Ho of HK\$3,527,000 (31 December 2019: HK\$3,707,000) is interest-free, unsecured and repayable on demand.

The above three items are included in loans from non-controlling shareholders (note 14).

- (iv) At 30 June 2020, trade and other payables included amounts due to Goodland of HK\$17,937,000 (31 December 2019: HK\$15,776,000) comprising:
- interest-bearing accounts with certain subsidiaries of the Company amounting to HK\$3,915,000 (31 December 2019: HK\$1,328,000).
  - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$14,022,000 (31 December 2019: HK\$14,448,000).

The balances are unsecured and repayable on demand.

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

**19 Contingent liabilities**

At 30 June 2020, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau Special Administrative Region Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2019: HK\$8,252,000).

At 30 June 2020, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

**20 Impacts of COVID-19 pandemic**

The outbreak of novel coronavirus (“COVID-19”) in January 2020 has had a materially adverse effect on the Group’s operating results in the first half of 2020, which has placed additional pressure on the Group’s operating performance position.

Please refer to section of Review of Operations of the interim report on the nature and amount of impact brought by COVID-19 on the Group’s profitability and financial resources.