



KECK SENG INVESTMENTS (HONG KONG) LIMITED

激成投資（香港）有限公司

(Incorporated in Hong Kong with limited liability)

Website: www.keckseng.com.hk

(Stock Code: 00184)

2008 INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)

INTERIM RESULTS

The Directors of Keck Seng Investments (Hong Kong) Limited (the “Company”) are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”), and associated companies for the six months ended 30 June 2008. These results have been reviewed by the Company’s auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Board of Directors. The unmodified review report of the auditors will be included in the interim report to be sent to the equity shareholders of the Company.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2008 was HK\$177,675,000 (HK 52.2 cents per share), compared to HK\$127,131,000 (HK 37.4 cents per share) for the first six months of 2007.

The Directors have declared an interim dividend of HK 5 cents (2007: HK 5 cents) per share for 2008 payable on Wednesday, 22 October 2008, to equity shareholders whose names appear on the register of members of the Company on Thursday, 16 October 2008.

OPERATIONS REVIEW

The Group's business is organized by geographical locations. These locations are mainly divided into Macau, Vietnam, the People's Republic of China ("PRC"), Canada, and other markets classified by location of assets.

Macau

During the first half of 2008, the Group's total revenue in Macau increased to HK\$95.8 million, an increase of 136%. Most of the turnover was attributed to the sale of residential units in Sakura Court, Ocean Gardens. With the high occupancy in the Lot W serviced apartments in *Ocean Gardens*, rental revenue has also increased significantly. The Macau economy has grown strongly during the first half of 2008, and is expected to report double-digit GDP growth for the full year.

Vietnam

During the first half of 2008, *Sheraton Saigon Hotel and Towers* reported improvements in operations and revenues. Average room rate increased significantly in the first half of 2008 to US\$230, as compared to US\$181 in the first half of 2007. Occupancy rate for the first half of 2008 was 68%. Despite the sharp adjustment in the Vietnamese economy during this period, the hotel has reported a 21% increase in turnover to HK\$307.0 million. The hotel won the Best Business Hotel Award and continues to be the premier hotel in Ho Chi Minh City, Vietnam.

The *Caravelle Hotel*, in which the Group holds 25%, reported significant improvements in the first half of 2008, as compared to 2007. Average room rate has increased to US\$203 in the first half of 2008, as compared to US\$157 in the first half of 2007. Occupancy rate for the first six months of 2008 was 65%. There was a 73% increase in the contribution of the profits of the Group from this associated company.

PRC

The China travel market in general was negatively impacted in the first half of 2008 by the extreme weather conditions in February 2008, the earthquake in May 2008, and other minor civil unrest. The *Holiday Inn Riverside Wuhan* reported a reduction in room rates for the first half of 2008 to RMB384, as compared to RMB394 in 2007. Occupancy rate, however, has risen slightly to 67.3%, as compared to 66.7% during the same period of 2007. Total turnover from PRC operations has increased by 10%.

Canada

During the first half of 2008, the Canadian hotel operations of the Group have remained stable despite a challenging environment in North America. *DoubleTree International Plaza Hotel* in Toronto, and *Four Points Hotel by Sheraton* in Quebec both reported higher revenues and gross operating profits. *Sheraton Ottawa Hotel* in Ottawa was impacted by a reduction in room revenue and reported a decrease in revenue and gross operating profit. Overall results of the Group from Canadian operations have improved. Revenue increased by 13%, whilst contribution from associates increased by 39%.

FINANCIAL REVIEW

The Group's turnover was HK\$420.8 million for the first six months of 2008, an increase of 36% over the corresponding period in 2007. 15% (2007: 6%) of the Group's turnover was generated by the sale of properties in Macau. During the period under review, revenue from hotel and club operations amounted to HK\$334.6 million, an increase of 20% as compared to HK\$278.8 million in the corresponding period in 2007. A profit attributable to shareholders of HK\$177.7 million was reported as compared to a profit attributable to shareholders of HK\$127.1 million in 2007.

As of 30 June 2008, the Group had total bank loans of HK\$5.0 million and other borrowings of HK\$191.3 million whilst cash equivalents amounted to HK\$1,252.0 million. Accordingly, the ratio of net borrowings to total assets was not applicable. Bank borrowings were repayable within twelve months.

Cash and cash equivalents are mostly in Euros, Canadian dollars and Australian dollars as at balance sheet date. Subsequent to 30 June 2008, most deposits placed with banks and financial institutions denominated in foreign currencies have been converted to Hong Kong dollars.

The Group's borrowings are in Hong Kong dollars on a floating rate basis. Taking into account cash in hand and available credit facilities, the Directors believe the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 30 June 2008, certain properties held for sale with an aggregate carrying value of approximately HK\$99.4 million were mortgaged to various banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2008, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties held for sale amounting to HK\$8,252,000.

At 30 June 2008, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK\$79,810,000.

At 30 June 2008, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$38,630,000 (CA\$5,000,000).

At 30 June 2008, the Directors did not consider it probable that a claim would 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 values cannot be reliably measured and they were issued many years ago and their transaction price was HK\$Nil.

PROSPECTS

Global economic environment deteriorated in the first half of 2008, with ongoing rationalizations in the US financial and property markets impacting economies worldwide. Oil prices and food prices have remained high and are contributing to difficult conditions across the board.

For the full year of 2008, Macau is expected to report a healthy double-digit increase in GDP. Crises in the US financial and property market impacts Macau both in terms of sentiments and investment flow into Macau. The visa restrictions imposed by the Chinese authorities will curb the increase in visitor arrivals from China, which will negatively affect the economy, in particular the gaming sector, in the second half of the year. In the short run, the property market will enter a period of adjustment,

following significant increases in property values in the past three years. The fundamental strength of the economy remains intact, supported by high levels of investment in fixed capital assets, and extremely low unemployment levels. The Group's property portfolio in Macau is well positioned and will continue to benefit from the growth of the economy.

Vietnam has entered a period of economic adjustment in 2008, facing severe credit restraint and high inflation. Following a period of rapid economic adjustment for the past four years, this process of economic adjustment presents an opportunity for the Vietnamese Government to address and correct imbalances in the economy. The Group's hotels are prime properties less affected by the economic adjustment and are expected to continue to perform well for the rest of the year.

PERSONNEL

At 30 June 2008, the Group has approximately 1,701 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 in the different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

The Company will continue its policy of maintaining a solid, balanced and sensible framework of corporate governance.

The Company has conducted a review of its corporate governance regime and framework during the period, and will continue to do so, with a view towards ensuring that such practices are in line with evolving regulatory developments and market expectations.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code on Corporate Governance Practices, except that the Company had not appointed a chief executive officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board of Directors of the Company, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board of Directors is of the view that this structure has served the Company well in the past years and does not impair the balance of responsibility between the Board and the management of the business. Further, the non-executive directors of the Company were not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board of Directors 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 of The Stock Exchange of Hong Kong Limited. 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 of the Board of Directors presently comprises three 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 2008.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprises five members, three of whom are independent non-executive directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company.

MATERIAL EVENTS SINCE FINANCIAL PERIOD

There are no material events since the end of the financial period.

BOOK CLOSE

The register of members will be closed from Monday, 13 October 2008 to Thursday, 16 October 2008, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 October 2008.

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 2008.

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

Hong Kong, 25 September 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr HO Kian Guan, Mr HO Kian Hock, Mr TSE See Fan Paul, Mr CHAN Lui Ming Ivan and Ms YU Yuet Chu Evelyn as executive directors; Mr HO Kian Cheong as non-executive director; and Dr CHAN Yau Hing Robin, Mr KWOK Chi Shun Arthur and Ms WANG Poey Foon Angela as independent non-executive directors.

CONSOLIDATED INCOME STATEMENT (Unaudited)

		Six months ended 30 June	
	Note	2008	2007
		HK\$'000	HK\$'000
Turnover	2	420,836	309,591
Cost of sales		<u>(77,933)</u>	<u>(55,898)</u>
		342,903	253,693
Other revenue	3(a)	25,728	17,562
Other net income	3(b)	41,706	44,079
Direct costs and operating expenses		(91,600)	(72,437)
Marketing and selling expenses		(10,764)	(9,633)
Depreciation of fixed assets		(32,476)	(48,069)
Administrative and other operating expenses		<u>(60,285)</u>	<u>(53,762)</u>
Operating profit		215,212	131,433
Increase in fair value of investment properties		<u>20,420</u>	<u>19,753</u>
		235,632	151,186
Finance costs	4(a)	(240)	(689)
Share of profits less losses of associates		<u>15,422</u>	<u>9,928</u>
Profit before taxation	4	250,814	160,425
Income tax	5	<u>(12,922)</u>	<u>(2,816)</u>
Profit for the period		<u>237,892</u>	<u>157,609</u>
Attributable to:			
Equity shareholders of the Company		177,675	127,131
Minority interests		<u>60,217</u>	<u>30,478</u>
Profit for the period		<u>237,892</u>	<u>157,609</u>
Dividends payable to equity shareholders of the Company attributable to the period:			
Interim dividend declared after the interim period end - HK\$0.05 (2007: HK\$0.05) per share	6	<u>17,010</u>	<u>17,010</u>
Basic and diluted earnings per share (cents)	7	<u>52.2</u>	<u>37.4</u>

CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) At 30 June 2008 HK\$'000	(Audited) At 31 December 2007 HK\$'000
Non-current assets			
Fixed assets			
- Investment properties		264,900	244,480
- Other properties and fixed assets		652,450	616,652
- Interests in leasehold land held for own use under operating lease		<u>123,351</u>	<u>122,245</u>
		1,040,701	983,377
Properties under development		21,509	24,016
Interest in associates		144,444	133,078
Available-for-sale securities		<u>3,786</u>	<u>3,702</u>
		<u>1,210,440</u>	<u>1,144,173</u>
Current assets			
Trading securities		52,629	57,395
Properties held for sale		335,601	331,842
Inventories		2,785	2,446
Trade and other receivables	8	77,811	26,272
Deposit and cash		<u>1,252,000</u>	<u>1,089,415</u>
		<u>1,720,826</u>	<u>1,507,370</u>
Current liabilities			
Bank loans		5,000	9,749
Trade and other payables	9	201,731	151,807
Loans from associates		1,364	1,364
Loans from minority shareholders		37,232	37,232
Loan from an affiliated company		28,926	28,926
Amounts due to an affiliated company		27,460	28,562
Taxation payable		35,021	30,315
Dividend payable		<u>40,824</u>	<u>-</u>
		<u>377,558</u>	<u>287,955</u>
Net current assets		<u>1,343,268</u>	<u>1,219,415</u>
Total assets less current liabilities		<u>2,553,708</u>	<u>2,363,588</u>
Non-current liabilities			
Loans from minority shareholders		96,302	90,616
Deferred tax liabilities		<u>13,367</u>	<u>10,917</u>
		<u>109,669</u>	<u>101,533</u>
NET ASSETS		<u>2,444,039</u>	<u>2,262,055</u>
Capital and reserves			
Share capital		340,200	340,200
Reserves		<u>1,700,570</u>	<u>1,563,373</u>
Shareholders' equity		2,040,770	1,903,573
Minority interests		<u>403,269</u>	<u>358,482</u>
TOTAL EQUITY		<u>2,444,039</u>	<u>2,262,055</u>

Notes:

1. Significant accounting policies and basis of preparation

These interim financial statements have 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 September 2008.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The Group has not early adopted the following new/revised standards and interpretations that have been issued but not yet effective for the accounting period ended 30 June 2008. The Directors have so far concluded that the adoption is unlikely to have a significant impact on the Group’s results of operation and financial position.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009

The preparation of these interim financial statements 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.

These interim financial statements contain 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 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

2. Segmental Information

By Geographical Segments:

	Six months ended 30 June 2008 (HK\$'000)					
	Macau	People's Republic of China	Vietnam	Canada	Others	Total
Turnover	87,513	24,828	307,002	645	848	420,836
Other revenue						
- allocated	8,299	180	659	-	-	9,138
- unallocated	-	-	-	-	16,590	16,590
Total revenue	95,812	25,008	307,661	645	17,438	446,564
Other net income	11,832	3,261	746	-	25,867	41,706
Segment result*	74,416	4,260	96,551	(151)	40,136	215,212
Increase in fair value of investment properties	20,420	-	-	-	-	20,420
Finance costs	(59)	(103)	-	-	(78)	(240)
Share of profits less losses of associates	-	-	8,263	7,159	-	15,422
Profit before taxation						250,814
Income tax						(12,922)
Profit for the period						237,892
Profit attributable to equity shareholders						177,675
Minority interests						60,217
Depreciation of fixed assets	4,442	6,336	21,615	-	83	32,476

* Segment results of "others" include exchange gain of HK\$27,293,000.

Six months ended 30 June 2007 (HK\$'000)

	Macau	People's Republic of China	Vietnam	Canada	Others	Total
Turnover	31,893	22,550	253,947	572	629	309,591
Other revenue						
- allocated	8,662	236	314	-	-	9,212
- unallocated	-	-	-	-	8,350	8,350
Total revenue	<u>40,555</u>	<u>22,786</u>	<u>254,261</u>	<u>572</u>	<u>8,979</u>	<u>327,153</u>
Other net income/(loss)	<u>14,442</u>	<u>5,215</u>	<u>(6,808)</u>	<u>-</u>	<u>31,230</u>	<u>44,079</u>
Segment result*	33,479	6,187	53,128	(247)	38,886	131,433
Increase in fair value of investment properties	19,753	-	-	-	-	19,753
Finance costs	(96)	(450)	-	-	(143)	(689)
Share of profits less losses of associates	(2)	-	4,783	5,147	-	9,928
Profit before taxation						160,425
Income tax						<u>(2,816)</u>
Profit for the period						<u>157,609</u>
Profit attributable to equity shareholders						<u>127,131</u>
Minority interests						<u>30,478</u>
Depreciation of fixed assets	2,379	5,684	39,918	-	88	48,069

* Segment results of "others" include exchange gain of HK\$31,442,000.

By Business Segments:

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Hotel and club operations		
- Room	102,402	93,290
- Food and beverage	86,620	71,243
- Slot machine income (<i>Note</i>)	142,808	111,964
- Others	2,752	2,320
	<u>334,582</u>	<u>278,817</u>
Proceeds from sale of properties	63,940	19,520
Rental income	19,612	8,168
Management fee received	2,702	3,086
	<u>420,836</u>	<u>309,591</u>

Note: The slot machine income represents net proceeds earned from the operation of slot machines at one of the Group's hotels.

3. Other revenue and net income

(a) Other revenue

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Interest income from bank deposits	24,504	16,767
Dividend income from available-for-sale securities	66	40
Other revenue from hotel and club operations and miscellaneous income	1,158	755
	<u>25,728</u>	<u>17,562</u>

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
(b) Other net income		
Exchange gain	46,472	51,476
Net realised and unrealised losses on trading securities	(4,766)	(424)
Loss on disposal of fixed assets	<u>-</u>	<u>(6,973)</u>
	<u>41,706</u>	<u>44,079</u>

4. Profit before taxation

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

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	184	623
Interest paid on amounts due to an affiliated company	<u>56</u>	<u>66</u>
	<u>240</u>	<u>689</u>
(b) Staff costs:		
Salaries, wages and other benefits	23,549	22,517
Contributions to defined contribution retirement plans	<u>1,273</u>	<u>814</u>
	<u>24,822</u>	<u>23,331</u>
(c) Other items:		
Cost of properties sold	12,660	2,612
Cost of inventories	19,193	15,878
Auditors' remuneration	434	375
Rentals receivable from investment properties less direct outgoings of HK\$3,406,000 (2007: HK\$1,357,000)	(15,514)	(6,182)
Other rental income less direct outgoings	<u>(692)</u>	<u>(629)</u>

5. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	-	-
Current tax - Overseas		
Provision for the period	15,955	4,480
Over-provision in respect of prior periods (<i>Note (ii)</i>)	(5,483)	(3,472)
	<u>10,472</u>	<u>1,008</u>
Deferred tax		
Change in value of investment properties	2,450	2,370
Origination and reversal of temporary differences	-	1,043
Future benefit of tax losses recognised	-	(1,605)
	<u>2,450</u>	<u>1,808</u>
Income tax expense	<u>12,922</u>	<u>2,816</u>

Notes:

(i) *The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.*

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(ii) *Over-provision of tax of HK\$5,483,000 (2007: HK\$3,472,000) represented Macau complementary tax made in prior years.*

(iii) *Share of associates' tax for the six months ended 30 June 2008 of HK\$5,941,000 (2007: HK\$3,057,000) is included in the share of profits less losses of associates.*

6. Dividends

The interim dividend proposed and declared after the interim period end has not been recognised as a liability at the interim period end date.

7. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity shareholders of the Company of HK\$177,675,000 (2007: HK\$127,131,000) and 340,200,000 ordinary shares in issue during both periods.

There is no potential ordinary share for both periods.

8. Trade and other receivables

Included in trade and other receivables are trade receivables (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	At 30 June 2008 HK\$'000	At 31 December 2007 HK\$'000
Current or less than one month overdue	57,873	10,187
One to three months overdue	4,793	4,860
More than three months but less than twelve months overdue	<u>-</u>	<u>43</u>
	<u>62,666</u>	<u>15,090</u>

The Group has a defined credit policy for trade debtors. The general credit terms allowed range from 0 - 30 days. Debtors with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit will be granted.

9. Trade and other payables

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

	At 30 June 2008 HK\$'000	At 31 December 2007 HK\$'000
Due within one month or on demand	18,608	9,632
Due after one month but within three months	786	6,458
Due after three months but within six months	<u>146</u>	<u>3,461</u>
	<u>19,540</u>	<u>19,551</u>

10. Commitments

At 30 June 2008, the Group had commitments in respect of development expenditure not provided for as follows:

	At 30 June 2008 HK\$'000	At 31 December 2007 HK\$'000
Contracted for	15,917	40,647
Authorised but not contracted for	<u>7,957</u>	<u>35,990</u>
	<u>23,874</u>	<u>76,637</u>