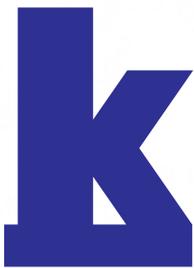


INTERIM REPORT

2010



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

Stock Code : 0184

CORPORATE INFORMATION

DIRECTORS

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

AUDIT COMMITTEE

- CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

- YUEN Chiu Yuk Ida

AUDITORS

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

SHARE REGISTRARS & TRANSFER OFFICE

- Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

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

COMPANY'S WEBSITE

- 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 consolidated interim results of the Company and its subsidiaries (the "Group"), and associated companies for the six months ended 30 June 2010. The unaudited consolidated interim results have been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The review report of the auditor is included on page 10.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2010 was HK\$98,300,000 (HK\$0.29 per share), compared to HK\$101,344,000 (HK\$0.30 per share) for the first six months of 2009.

The Board has declared an interim dividend of HK\$0.025 (2009: HK\$0.025) per share for 2010 payable on Wednesday, 20 October 2010, to equity shareholders whose names appear on the register of members of the Company on Friday, 8 October 2010.

OPERATIONS REVIEW

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

Macau

During the first half of 2010, Macau has launched the sale of Sakura Court in **Ocean Gardens**, the Group's flagship property development in Macau. For the first six months of the year, turnover from sales of properties in Ocean Gardens was HK\$72.3 million. Turnover from rental of residential, commercial and industrial properties amounted to HK\$19.8 million. The first six months of 2010 was a period which witnessed a tremendous growth in visitor arrivals to Macau which also resulted in significant growth in overall gaming revenues. The Macau SAR Government is pursuing plans to increase investment in Macau's physical infrastructures as well as in education and social benefits. In the short run, this will provide a strong stimulus to the local economy. Over the long run, this will improve Macau's competitiveness.

Total turnover for the first six months of 2010 was HK\$92.1 million, as compared to HK\$17.9 million in the previous year.

Vietnam

During the first half of 2010, **Sheraton Saigon Hotel and Grand Towers** reported an increase in turnover from hotel operations. This was achieved by adopting a flexible rate-setting strategy in response to market conditions, which saw an increase in occupancy rate from 47% in the six month period in 2009, to 60% for the same period in 2010. For comparison, average room rate was reduced to US\$164 for the same first months of 2010, as compared to US\$197 in the corresponding period in 2009. This improvement reported by the hotel is in line with the increase in economic activities in Vietnam in the first half of 2010. Also, the hotel has continued to win several prestigious international awards which firmly place the hotel as one of the leading hotels in the city.

Vietnam (continued)

The **Caravelle Hotel**, in which the Group holds 25%, also reported an improvement in turnover and operating results. Occupancy rate increased to 61% for the first six months of 2010, as compared to 44% in the corresponding period in 2009. Average room rate adjusted downwards to US\$139 in 2010 as compared to US\$178 for the same period in 2009.

PRC

The **Holiday Inn Wuhan Riverside** reported a moderate increase in turnover for the first six months of 2010, as compared to the same period in 2009. Occupancy rate improved marginally to 63.4% for the first six months, as compared to 63.2% for the same period in 2009. Average room rate declined to RMB351 in 2010, as compared to RMB358 in 2009. As a result of effective cost control, profit contribution from the subsidiary increased slightly in the first half of 2010 as compared to 2009.

The market is expected to remain extremely competitive, as a result of more domestic and international brand hotels opening up in Wuhan.

US

The **W San Francisco**, a 5-star hotel the purchase of which by the Group was completed in July 2009, has reported encouraging results since the acquisition. This hotel, which comprised 404 rooms, is located in the business district in one of the most popular gateway cities in the US. In the first half of 2010, occupancy rate was 78.6% and average room rate was US\$223, compared to 78.8% and US\$234 since acquisition to December 2009. The hotel is the winner of the Green Business Award 2010 San Francisco Business Times and is the first existing-build hotel to receive the prestigious LEED (“Leadership in Energy and Environmental Design”) certification.

Japan

The Group has completed the purchase of two residential properties in Tokyo for rental income in the first half of 2010. Occupancy rate for the two properties remains high throughout the period after acquisition. Both properties also reported increases in the respective values against book costs, as valued by an independent valuation firm.

Canada

During the first half of 2010, contribution from Canadian operations to the Group has increased slightly, due to improvements in hotel operating results. In the first half of 2010, average room rate at **DoubleTree International Plaza Hotel** improved to C\$119 as compared to C\$115 in the first half of 2009. Occupancy rate dropped slightly to 67.4% from 67.9% for the same respective periods. The **Sheraton Ottawa Hotel** reported an increase in occupancy rate to 73% for the first half of 2010, as compared to 72% in 2009, while average room rate decreased to C\$142 in the first half of 2010, as compared to C\$148 in the corresponding period in 2009.

FINANCIAL REVIEW

The Group's turnover was HK\$594.7 million for the first six months of 2010, an increase of 77% over the corresponding period in 2009. Revenue from sale of properties in Macau amounted to HK\$72.3 million in the first half of the year while the Group withheld from any sale of its properties in Macau in the corresponding period in 2009. Revenue from hotel operations amounted to HK\$495.8 million, an increase of 57% as compared to HK\$316.7 million in the corresponding period in 2009. This increase was primarily attributable to revenue generated from W San Francisco in the US, which was acquired by the Group in July 2009. Profit attributable to equity shareholders of HK\$98.3 million was reported as compared to HK\$101.3 million in 2009.

At 30 June 2010, the Group had total bank and other borrowings of HK\$881.2 million (31 December 2009: HK\$585.9 million) and bank deposits and cash of HK\$1,349.5 million (31 December 2009: HK\$1,275.0 million). Of the total bank loans of HK\$754.6 million (31 December 2009: HK\$433.8 million), HK\$367.2 million (31 December 2009: HK\$31.8 million) are repayable within one year or on demand, HK\$16.8 million (31 December 2009: HK\$16.8 million) are repayable after one year but within two years and the remaining of HK\$370.6 million (31 December 2009: HK\$385.3 million) are repayable after two years but within five years.

The Group's bank borrowings are mostly in United States dollars and Japanese Yen. Bank deposits and cash are mostly in Australian dollars, Hong Kong dollars, Canadian dollars, and United States dollars. The Group's bank borrowings are on a floating rate basis. Taking into account of the cash in hand and credit facilities available, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

At 30 June 2010, a hotel property and certain properties held for sale with an aggregate carrying value of approximately HK\$774.5 million (31 December 2009: HK\$790.6 million), bank deposits of HK\$513.7 million (31 December 2009: HK\$Nil) and outstanding forward foreign currency contracts with fair value of HK\$4.2 million (31 December 2009: HK\$Nil) were pledged to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2010, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8.3 million.

At 30 June 2010, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$37 million.

A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the Directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point in time. Accordingly, no provision for these claims has been made in the interim financial statements.

PROSPECTS

The first half of 2010 saw an economic recovery which resulted largely from monetary stimuli. Investment and consumer spending in the US remain weak; the housing sector remains under pressure. In China and the rest of Asia, the mood is more positive. Yet risks remain on the horizon. As we began the second half of 2010, the consensus view seems to be that the second half will be sluggish at best, and there is growing concern as to whether the asset bubble will continue. The Group's operations will continue to show stability and growth in line with macroeconomic trends.

The Group will maintain its policy of selecting investments which are of sound fundamental value on a long term basis. We will also continue to focus on businesses in which the Group and its management are experienced.

PERSONNEL

At 30 June 2010, the Group had approximately 1,743 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in 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 financial statements, 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 the Company, the role is 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 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 are 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 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 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 report for the six months ended 30 June 2010.

REMUNERATION COMMITTEE

The Remuneration Committee 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the only change in the information of directors of the Company since the date of its last annual report is that Mr Ho Kian Guan resigned as director of Shangri-La Hotel Public Company Limited (listed on the Stock Exchange of Thailand) on 2 March 2010.

Save as disclosed above, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BOOK CLOSE

The register of members will be closed from Tuesday, 5 October 2010 to Friday, 8 October 2010, 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 Monday, 4 October 2010.

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 2010.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2010 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests ⁽¹⁾	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	212,480	197,556,320 ⁽²⁾	197,768,800	58.13
	Ho Kian Hock	480	197,556,320 ⁽²⁾	197,556,800	58.07
	Ho Kian Cheong	55,160,480	-	55,160,480	16.21
	Tse See Fan Paul	288,720	-	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000 ⁽³⁾	900,000	0.26
	Kwok Chi Shun Arthur	202,000	-	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	-	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Hock	-	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Cheong	96,525	-	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	-	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Hock	-	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Cheong	1,948	-	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd - paid in registered capital in US\$	Ho Kian Guan	-	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Hock	-	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Cheong	1,017,120	-	1,017,120	6.24
	Kwok Chi Shun Arthur	-	489,000 ⁽⁷⁾	489,000	3.00
Golden Crown Development Ltd - common shares	Ho Kian Guan	-	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Hock	-	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Cheong	1,755,000	-	1,755,000	2.51
	Tse See Fan Paul	50,000	-	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	-	100,000 ⁽⁹⁾	100,000	100.00
	Ho Kian Hock	-	100,000 ⁽⁹⁾	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	-	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Hock	-	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Cheong	195	-	195	1.95
	Kwok Chi Shun Arthur	-	5,500 ⁽¹¹⁾	5,500	55.00
KSF Enterprises Sdn Bhd	Ho Kian Guan	-	10,000 ⁽¹²⁾	10,000	100.00
	Ho Kian Hock	-	10,000 ⁽¹²⁾	10,000	100.00
Chateau Ottawa Hotel Inc - common shares	Ho Kian Guan	-	4,950,000 ⁽¹³⁾	4,950,000	55.00
	Ho Kian Hock	-	4,950,000 ⁽¹³⁾	4,950,000	55.00
Chateau Ottawa Hotel Inc - preferred shares	Ho Kian Guan	-	1,925,000 ⁽¹⁴⁾	1,925,000	55.00
	Ho Kian Hock	-	1,925,000 ⁽¹⁴⁾	1,925,000	55.00

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

- (1) This represents interests held by the relevant directors as beneficial owners.
- (2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
- (4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (6) This represents US\$8,965,000 (55%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
- (8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,500 shares (25%) directly held by the Company, 2,499 shares (24.99%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 5,001 shares (50.01%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (13) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (14) This represents 1,750,000 preferred shares (50%) indirectly held by the Company and 175,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 30 June 2010, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 30 June 2010, 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:

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

Notes:

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

Save as mentioned above, at 30 June 2010, 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, 30 August 2010



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 11 to 29 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated 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 2010 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

Hong Kong, 30 August 2010

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Turnover	3	594,739	335,806
Cost of sales		(90,602)	(67,225)
		504,137	268,581
Other revenue	4(a)	14,916	8,862
Other net (loss)/income	4(b)	(53,995)	56,473
Direct costs and operating expenses		(175,966)	(93,032)
Marketing and selling expenses		(26,431)	(17,127)
Depreciation of fixed assets		(42,642)	(35,918)
Administrative and other operating expenses		(102,426)	(51,250)
Operating profit		117,593	136,589
Increase/(decrease) in fair value of investment properties	9	58,494	(6,493)
		176,087	130,096
Finance costs	5(a)	(5,941)	(44)
Share of profits less losses of associates		9,977	8,288
Profit before taxation	5	180,123	138,340
Income tax	6	(38,000)	(9,506)
Profit for the period		142,123	128,834
Attributable to:			
Equity shareholders of the Company		98,300	101,344
Non-controlling interests		43,823	27,490
Profit for the period		142,123	128,834
Earnings per share, basic and diluted (cents)	8	28.9	29.8

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

The notes on pages 18 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Profit for the period	142,123	128,834
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	17,878	3,059
Interest-free loans from non-controlling shareholders: – net movement in other capital reserve	23,857	(2,841)
Available-for-sale securities: – changes in fair value recognised during the period and net movement in the fair value reserve	168	567
	41,903	785
Total comprehensive income for the period	184,026	129,619
Attributable to:		
Equity shareholders of the Company	135,289	101,524
Non-controlling interests	48,737	28,095
Total comprehensive income for the period	184,026	129,619

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

The notes on pages 18 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2010 HK\$'000	(Audited) At 31 December 2009 HK\$'000
	Note		
Non-current assets			
Fixed assets	9		
– Investment properties		686,906	263,690
– Other properties and fixed assets		1,203,111	1,224,420
– Interests in leasehold land held for own use under operating lease		190,636	191,205
		2,080,653	1,679,315
Interest in associates		174,814	164,676
Available-for-sale securities		3,532	3,364
		2,258,999	1,847,355
Current assets			
Trading securities		1,910	2,541
Properties held for sale		311,492	324,278
Inventories		3,965	4,099
Trade and other receivables	10	66,715	70,215
Derivative financial assets		5,218	949
Pledged deposits	11	513,748	–
Deposits and cash	11	835,727	1,275,042
Taxation recoverable		–	42
		1,738,775	1,677,166
Current liabilities			
Bank loans	12	367,172	31,751
Trade and other payables	13	170,517	167,415
Loans from associates		1,364	1,364
Loans from non-controlling shareholders	14	30,169	78,376
Loan from an affiliated company	17(b)	–	53,683
Amount due to an affiliated company		16,041	18,670
Derivative financial liabilities		155	–
Taxation payable		26,371	22,331
Dividend payable		59,535	–
		671,324	373,590
Net current assets		1,067,451	1,303,576
Total assets less current liabilities		3,326,450	3,150,931

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		(Unaudited) At 30 June 2010 HK\$'000	(Audited) At 31 December 2009 HK\$'000
	<i>Note</i>		
Non-current liabilities			
Bank loans	12	387,382	402,019
Loans from non-controlling shareholders	14	37,536	–
Loan from an affiliated company	17(b)	41,552	–
Deferred tax liabilities		35,814	18,626
		502,284	420,645
<hr/>			
NET ASSETS		2,824,166	2,730,286
<hr/>			
Capital and reserves			
Share capital		340,200	340,200
Reserves		1,970,606	1,894,852
<hr/>			
Total equity attributable to equity shareholders of the Company		2,310,806	2,235,052
Non-controlling interests		513,360	495,234
<hr/>			
TOTAL EQUITY		2,824,166	2,730,286

The notes on pages 18 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2010

	Attributable to equity shareholders of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Other capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 January 2009	340,200	158,105	12,758	7,778	22,563	1,193	1,484,372	2,026,969	436,203	2,463,172
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	101,344	101,344	27,490	128,834
Other comprehensive income:										
Exchange differences on translation of financial statements of overseas subsidiaries and associates	-	-	-	-	2,454	-	-	2,454	605	3,059
Interest-free loans from non-controlling shareholders: net movement in other capital reserve	-	-	-	(2,841)	-	-	-	(2,841)	-	(2,841)
Available-for-sale securities: changes in fair value recognised during the period and net movement in the fair value reserve	-	-	-	-	-	567	-	567	-	567
Total comprehensive income for the period	-	-	-	(2,841)	2,454	567	101,344	101,524	28,095	129,619
Transactions with owners, recorded directly in equity:										
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(42,525)	(42,525)	-	(42,525)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(15,430)	(15,430)
Total transactions with owners	-	-	-	-	-	-	(42,525)	(42,525)	(15,430)	(57,955)
At 30 June 2009	340,200	158,105	12,758	4,937	25,017	1,760	1,543,191	2,085,968	448,868	2,534,836

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*(continued)*

For the six months ended 30 June 2010

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Other capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2010	340,200	158,105	12,758	2,004	31,842	2,772	1,687,371	2,235,052	495,234	2,730,286
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	98,300	98,300	43,823	142,123
Other comprehensive income:										
Exchange differences on translation of financial statements of overseas subsidiaries and associates	-	-	-	-	12,964	-	-	12,964	4,914	17,878
Interest-free loans from non-controlling shareholders: net movement in other capital reserve	-	-	-	23,857	-	-	-	23,857	-	23,857
Available-for-sale securities: changes in fair value recognised during the period and net movement in the fair value reserve	-	-	-	-	-	168	-	168	-	168
Total comprehensive income for the period	-	-	-	23,857	12,964	168	98,300	135,289	48,737	184,026
Transactions with owners, recorded directly in equity:										
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(59,535)	(59,535)	-	(59,535)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(30,611)	(30,611)
Total transactions with owners	-	-	-	-	-	-	(59,535)	(59,535)	(30,611)	(90,146)
At 30 June 2010	340,200	158,105	12,758	25,861	44,806	2,940	1,726,136	2,310,806	513,360	2,824,166

The notes on pages 18 to 29 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	<i>Note</i>	Six months ended 30 June	
		2010	2009
		HK\$'000	HK\$'000
Net cash generated from operating activities		155,617	65,723
Net cash used in investing activities		(821,004)	(28,850)
Net cash generated from / (used in) financing activities		282,612	(61,167)
Decrease in cash and cash equivalents		(382,775)	(24,294)
Cash and cash equivalents at 1 January	<i>11</i>	1,207,200	1,292,376
Effect of foreign exchanges rate changes		(13,366)	69,941
Cash and cash equivalents at 30 June	<i>11</i>	811,059	1,338,023

The notes on pages 18 to 29 form part of this interim financial report.

NOTES ON 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”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 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 2009 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 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.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 April 2010.

2. Changes in accounting policies

The Group has adopted the following relevant revised HKFRSs, amendments and interpretations effective from 1 January 2010:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Changes in accounting policies *(continued)*

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.
- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

The adoption of these new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods.

3. Segment reporting

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

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

Segment results and assets

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

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

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment.

3. Segment reporting (continued)

(a) Analysis of segment results of the Group

	External turnover HK\$'000	Inter- segment turnover HK\$'000	Total turnover HK\$'000	Other revenue and net (loss)/ income* HK\$'000	Depreciation of fixed assets HK\$'000	Finance costs HK\$'000	Share of results of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
For the six months ended 30 June 2010									
Hotel operations	495,829	-	495,829	2,709	(37,829)	(5,587)	9,977	(15,334)	88,816
- Vietnam	306,785	-	306,785	172	(20,887)	-	6,612	(9,232)	82,138
- United States	162,306	-	162,306	1,347	(11,618)	(5,587)	-	(6,102)	2,453
- The Peoples' Republic of China	26,738	-	26,738	1,190	(5,324)	-	-	-	860
- Canada	-	-	-	-	-	-	3,365	-	3,365
Property development									
- Macau	72,343	-	72,343	-	-	-	-	-	59,560
Property investment	25,269	760	26,029	(507)	(4,775)	(26)	-	(22,559)	38,823
- Macau	19,834	760	20,594	(510)	(4,775)	(26)	-	(8,457)	(7,673)
- Japan	5,435	-	5,435	3	-	-	-	(14,102)	46,496
Investment and corporate	1,298	-	1,298	(41,281)	(38)	(328)	-	(107)	(45,076)
- Macau	-	-	-	1,521	-	-	-	-	1,500
- Others	1,298	-	1,298	(42,802)	(38)	(328)	-	(107)	(46,576)
Inter-segment elimination	-	(760)	(760)	-	-	-	-	-	-
Total	594,739	-	594,739	(39,079)	(42,642)	(5,941)	9,977	(38,000)	142,123
For the six months ended 30 June 2009									
Hotel operations	316,625	-	316,625	2,611	(31,113)	-	8,292	(10,603)	74,784
- Vietnam	290,859	-	290,859	2,197	(25,169)	-	5,089	(10,603)	71,437
- The Peoples' Republic of China	25,766	-	25,766	414	(5,944)	-	-	-	144
- Canada	-	-	-	-	-	-	3,203	-	3,203
Property development									
- Macau	250	-	250	-	-	-	-	-	200
Property investment									
- Macau	17,614	939	18,553	10,685	(4,767)	(14)	-	1,044	4,049
Investment and corporate	1,317	1,265	2,582	52,039	(38)	(30)	(4)	53	49,801
- Macau	-	-	-	2,114	-	-	-	-	2,114
- Others	1,317	1,265	2,582	49,925	(38)	(30)	(4)	53	47,687
Inter-segment elimination	-	(2,204)	(2,204)	-	-	-	-	-	-
Total	335,806	-	335,806	65,335	(35,918)	(44)	8,288	(9,506)	128,834

* Included in other revenue and net (loss)/income is net exchange loss of HK\$53,348,000 (30 June 2009: net gain of HK\$58,000,000).

3. Segment reporting (continued)

(b) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
At 30 June 2010			
Hotel operations			
– Vietnam	571,799	75,439	647,238
– United States	736,614	–	736,614
– The Peoples' Republic of China	209,548	–	209,548
– Canada	–	69,050	69,050
Property development	318,430	–	318,430
Property investment			
– Macau	478,061	–	478,061
– Japan	432,323	–	432,323
Investment and corporate	1,076,185	30,325	1,106,510
Total	3,822,960	174,814	3,997,774
At 31 December 2009			
Hotel operations			
– Vietnam	561,932	68,826	630,758
– United States	736,872	–	736,872
– The Peoples' Republic of China	208,640	–	208,640
– Canada	–	65,538	65,538
Property development	307,605	–	307,605
Property investment			
– Macau	479,035	–	479,035
Investment and corporate	1,065,761	30,312	1,096,073
Total	3,359,845	164,676	3,524,521

4. Other revenue and net (loss)/income

(a) Other revenue

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Interest income from bank deposits	12,848	8,131
Dividend income from listed available-for-sale and trading securities	63	84
Other revenue from hotel and club operations and miscellaneous income	2,005	647
	14,916	8,862

4. Other revenue and net (loss)/income (continued)(b) *Other net (loss)/income*

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Net exchange (loss)/gain	(53,348)	58,000
Net realised and unrealised losses on trading securities	(631)	(1,527)
Loss on disposal of fixed assets	(18)	–
Others	2	–
	(53,995)	56,473

5. Profit before taxation

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank loans and other borrowings wholly repayable within five years	5,915	33
Interest payable on amount due to an affiliated company	26	11
	5,941	44
(b) Staff costs:		
Salaries, wages and other benefits	102,254	21,674
Contributions to defined contribution retirement plans	1,050	1,244
	103,304	22,918
(c) Other items:		
Cost of properties sold	12,786	49
Cost of inventories	26,544	25,219
Rentals receivable from investment properties less direct outgoings of HK\$3,692,000 (2009: HK\$2,772,000)	(16,684)	(11,063)
Other rental income less direct outgoings	(526)	(640)

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax – Overseas		
Provision for the period	20,644	12,719
Over-provision in respect of prior periods (<i>note (iii)</i>)	–	(2,090)
	20,644	10,629
Deferred taxation		
Change in value of investment properties	14,293	(798)
Origination and reversal of temporary differences	3,063	(325)
	17,356	(1,123)
	38,000	9,506

Notes:

- (i) No provision for Hong Kong Profits Tax has been made as the Company and all other subsidiaries of the Group that are incorporated in Hong Kong sustained a loss for taxation purposes during the six months ended 30 June 2010 and 30 June 2009.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. The provision for Corporate Income Tax in Vietnam is calculated at 15% (2009: 15%) of its estimated taxable profits for the period. The provision of China corporate income tax is calculated at 25% of its estimated taxable profits for the period. The provision for Federal Income Tax and State Income Tax in the United States is calculated at a rate of 34% (determined by income ranges) and 8.84% respectively.
- (iii) Over-provision of overseas tax of HK\$2,090,000 for the six months ended 30 June 2009 primarily represented Macau complementary tax made in prior years.
- (iv) Share of associates' tax for the six months ended 30 June 2010 of HK\$4,131,000 (2009: HK\$3,347,000) is included in the share of profits less losses of associates.

7. Dividends

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.025 (2009: HK\$0.025) per ordinary share	8,505	8,505

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

- (b) Dividends attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.175 (six months ended 30 June 2009: HK\$0.125) per ordinary share	59,535	42,525

8. 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\$98,300,000 (2009: HK\$101,344,000) and 340,200,000 ordinary shares in issue during the six months ended 30 June 2010 and 30 June 2009.

There is no potential diluted ordinary share during the six months ended 30 June 2010 and 30 June 2009.

9. Fixed assets

- (a) *Acquisitions*

During the six months ended 30 June 2010, the Group acquired two investment properties situated in Tokyo, Japan from independent third parties with aggregate consideration of JPY4,111,675,000 (equivalent to approximately HK\$347,205,000).

- (b) *Valuation*

The Group's investment properties in Macau were revalued by Infinity Property Development and Planning Limited and those in Japan by Savills Japan Co. Ltd, independent firm of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, at 30 June 2010, on a market value basis, after taking into consideration of the net income of the respective properties allowing for reversionary income potential. The Group recorded an increase in fair value of investment properties of HK\$58,494,000 (2009: net deficit of HK\$6,493,000), and deferred tax expenses thereon of HK\$14,293,000 (2009: deferred tax credit of HK\$798,000) for the six months ended 30 June 2010.

10. Trade and other receivables

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

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Current or less than one month	24,719	36,579
One to three months	13,126	13,578
More than three months but less than twelve months	138	961
Trade receivables	37,983	51,118

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

11. Pledged deposits and deposits and cash

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Deposits with banks and other financial institutions	1,280,256	1,203,406
Cash at bank and in hand	69,219	71,636
	1,349,475	1,275,042
Less: Pledged deposits (<i>note 12(b)(iii)</i>)		
– Maturity less than three months	(135,878)	–
– Maturity more than three months	(377,870)	–
Deposits and cash in the consolidated statement of financial position	835,727	1,275,042
Pledged deposits with maturity less than three months	135,878	–
Less: Deposits with maturity greater than three months	(160,546)	(67,842)
Cash and cash equivalents in the condensed consolidated cash flow statement	811,059	1,207,200

12. Bank loans

- (a) At 30 June 2010, the bank loans were repayable as follows:

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Within one year or on demand	367,172	31,751
After one year but within two years	16,816	16,751
After two years but within five years	370,566	385,268
	387,382	402,019
	754,554	433,770

- At 30 June 2010, the bank loans were secured as follows:

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Bank loans		
– unsecured	–	15,000
– secured	754,554	418,770
	754,554	433,770

- (b) At 30 June 2010, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:
- (i) land and building on Taipa Island classified as properties held for sale with a carrying value of HK\$90,636,000 (31 December 2009: HK\$98,718,000),
 - (ii) hotel property and certain fixed assets of the Group with aggregate carrying value of HK\$683,875,000 (31 December 2009: HK\$691,897,000), and
 - (iii) bank deposits of HK\$513,748,000 (31 December 2009: HK\$Nil) and outstanding forward foreign currency contracts with fair value of HK\$4,180,000 (31 December 2009: HK\$Nil).

Such banking facilities amounted to HK\$886,098,000 (31 December 2009: HK\$503,770,000) and were utilised to the extent of HK\$754,554,000 (31 December 2009: HK\$418,770,000).

13. Trade and other payables

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

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Due within one month or on demand	15,536	9,817
Due after one month but within three months	2,975	1,490
Due after three months but within six months	12,122	565
Trade payables	30,633	11,872

14. Loans from non-controlling shareholders

At 31 December 2009, loans from non-controlling shareholders were unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$49,256,000 (before the effect of discounting in the amount of HK\$949,000) which were repayable on 30 April 2010 and classified as current liabilities.

At 30 June 2010, loans from non-controlling shareholders were unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$49,767,000 (before the effect of discounting in the amount of HK\$12,231,000) which were repayable on 30 April 2015 and classified as non-current liabilities.

15. Commitments

At 30 June 2010, the Group had commitments in respect of development expenditure not provided for as follows:

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Contracted for	7,650	12,924
Authorised but not contracted for	12,766	13,570
	20,416	26,494

16. Contingent liabilities

- (a) At 30 June 2010, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2009: HK\$8,252,000).
- (b) At 30 June 2010, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$37,035,000 (CA\$5,000,000) (31 December 2009: HK\$36,765,000 (CA\$5,000,000)).

16. Contingent liabilities (continued)

- (c) As 30 June 2010, the Directors do not consider it probable that a claim will be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantees as their fair values cannot be reliably measured and they were issued many years ago and their transaction price was HK\$Nil.
- (d) A subsidiary of the Group is involved in litigation arising in its hotel and club operations. Having reviewed these outstanding claims and taking into account legal advice received, the Directors are of the opinion that it is too early to evaluate the outcome of these claims and that the amounts cannot be reliably estimated at this point in time. Accordingly, no provision for these claims has been made in the financial statements.

17. Material related party transactions

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

Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2010. Messrs Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2010.

		Six months ended 30 June	
		2010	2009
	<i>Note</i>	HK\$'000	HK\$'000
(a) Transactions with Goodland			
Rental income receivable	<i>(i)</i>	372	372
Management fee payable	<i>(ii)</i>	1,602	1,602
Interest expense payable	<i>(iii)</i>	4	11
		At 30 June	At 31 December
		2010	2009
		HK\$'000	HK\$'000
(b) Balances with Goodland			
Loan from Goodland	<i>(iii)</i>	41,552	53,683
Amounts due to Goodland	<i>(iii)</i>	16,041	18,670
(c) Balances with KC Ho			
Loan from KC Ho	<i>(iv)</i>	10,065	13,004
Amounts due to KC Ho	<i>(v)</i>	4,070	4,057

17. Material related party transactions *(continued)*

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income amounted to HK\$372,000 for the six months ended 30 June 2010 (2009: HK\$372,000).
- (ii) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK\$1,602,000 for the six months ended 30 June 2010 (2009: HK\$1,602,000).
- (iii) At 31 December 2009, loan from Goodland with nominal value of HK\$54,737,000 before the effect of discounting in the amount of HK\$1,054,000 was unsecured, non-interest bearing and repayable on 30 April 2010 and classified as current liabilities.

At 30 June 2010, loan from Goodland with nominal value of HK\$55,093,000 before the effect of discounting in the amount of HK\$13,541,000 was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.

Amounts due to Goodland of HK\$16,041,000 at 30 June 2010 (31 December 2009: HK\$18,670,000) comprised of:

- interest bearing accounts with certain subsidiaries of the Company amounted to HK\$409,000 (31 December 2009: HK\$519,000). Interest payable by the subsidiaries amounted to HK\$4,000 for the six months ended 30 June 2010 (2009: HK\$11,000).
 - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$15,632,000 (31 December 2009: HK\$18,151,000).
- (iv) At 31 December 2009, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK\$13,259,000 before the effect of discounting in the amount of HK\$255,000 which was unsecured, interest-free and repayable on 30 April 2010 and classified as current liabilities.

At 30 June 2010, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK\$13,345,000 before the effect of discounting in the amount of HK\$3,280,000 which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.

- (v) Amounts due to KC Ho represent non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.