

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”) for the six months ended 30 June 2002, together with the comparative figures for the corresponding period in 2001. The interim results have not been audited, but have been reviewed by both the Company’s Audit Committee and the Company’s auditors, KPMG. The independent review report of the auditors is attached.

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2002 \$'000	2001 \$'000
Turnover	2	117,273	123,713
Cost of sales		<u>(60,138)</u>	<u>(73,738)</u>
		57,135	49,975
Other revenue		1,351	2,012
Other net income/(expenses)	3	416	(8,840)
Direct operating expenses		(6,798)	(6,763)
Marketing and selling expenses		(1,919)	(6,183)
Administrative and other operating expenses		<u>(37,813)</u>	<u>(33,098)</u>
Profit/(loss) from operations		12,372	(2,897)
Finance costs	4	(5,383)	(11,849)
Share of profits less losses of associates		<u>10,959</u>	<u>13,137</u>
Profit/(loss) from ordinary activities before taxation	4	17,948	(1,609)
Taxation credit	5	<u>3,259</u>	<u>5,710</u>
Profit from ordinary activities after taxation		21,207	4,101
Minority interests		<u>224</u>	<u>4,136</u>
Profit attributable to shareholders		<u><u>21,431</u></u>	<u><u>8,237</u></u>
Dividends attributable to the interim period:			
Interim dividend declared after the interim period end			
— 1 (2001: nil) cent per share	6	<u>3,402</u>	<u>—</u>
Basic earnings per share	7	<u><u>6.3 cents</u></u>	<u><u>2.4 cents</u></u>
Profit/(loss) for the period is retained as follows:			
By the Company and its subsidiaries		11,999	(4,095)
By associates		<u>9,432</u>	<u>12,332</u>
		<u><u>21,431</u></u>	<u><u>8,237</u></u>

The notes on pages 5 to 11 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Expressed in Hong Kong dollars)

	Share capital \$'000	Share premium \$'000	Legal reserve \$'000	Exchange reserve \$'000	Investment property revaluation reserve \$'000	Investment revaluation reserve \$'000	Revenue reserve \$'000	Total \$'000
At 1 January 2001	340,200	158,105	12,758	9,707	91	(25)	723,118	1,243,954
Movements during the period	—	—	—	1,483	—	43	—	1,526
Profit for the period	—	—	—	—	—	—	8,237	8,237
At 30 June 2001	<u>340,200</u>	<u>158,105</u>	<u>12,758</u>	<u>11,190</u>	<u>91</u>	<u>18</u>	<u>731,355</u>	<u>1,253,717</u>
At 1 January 2002	340,200	158,105	12,758	11,428	8,080	44	750,411	1,281,026
Movements during the period	—	—	—	(201)	—	144	—	(57)
Profit for the period	—	—	—	—	—	—	21,431	21,431
At 30 June 2002	<u>340,200</u>	<u>158,105</u>	<u>12,758</u>	<u>11,227</u>	<u>8,080</u>	<u>188</u>	<u>771,842</u>	<u>1,302,400</u>

The notes on pages 5 to 11 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET
(Expressed in Hong Kong dollars)

		30 June 2002		31 December 2001	
		(unaudited)		(audited)	
	<i>Note</i>	\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets	8				
— Investment properties			143,800		143,800
— Other properties and fixed assets			512,366		315,038
			656,166		458,838
Properties under development	8b		522,534		731,163
Interest in associates			376,001		369,814
Non-trading investments			780		636
			1,555,481		1,560,451
Current assets					
Properties under development		150,531		149,747	
Properties held for sale		307,839		362,629	
Inventories		709		2,171	
Trade and other receivables	9	28,405		32,535	
Cash and cash equivalents		104,471		59,100	
			591,955		606,182
TOTAL ASSETS			2,147,436		2,166,633
Capital and reserves					
Share capital	11	340,200		340,200	
Reserves	12	962,200		940,826	
			1,302,400		1,281,026
Minority interests			206,166		212,562
Non-current liabilities					
Bank loans		151,416		172,939	
Loans from minority shareholders		178,639		172,632	
			330,055		345,571
Current liabilities					
Bank overdrafts		—		273	
Bank loans		85,870		87,511	
Trade and other payables	10	52,293		64,960	
Amounts due to an affiliated company	15(a)	133,223		131,464	
Loans from associates		1,364		1,364	
Taxation		36,065		41,902	
			308,815		327,474
TOTAL EQUITY AND LIABILITIES			2,147,436		2,166,633

The notes on pages 5 to 11 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)*(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2002	2001
	\$'000	\$'000
Net cash inflow from operating activities	80,683	86,146
Net cash outflow from investing activities	(4,422)	(168)
Net cash outflow from financing	(30,617)	(32,454)
	<hr/>	<hr/>
Increase in cash and cash equivalents	45,644	53,524
Cash and cash equivalents at 1 January	58,827	77,476
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	104,471	131,000
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The notes on pages 5 to 11 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1. Basis of preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with the Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the Hong Kong Society of Accountants (“HKSA”). KPMG’s independent review report to the board of directors is included on page 18.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with the Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the HKSA.

The financial information relating to the financial year ended 31 December 2001 included in the interim financial report 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 2001 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 April 2002.

The same accounting policies adopted in the 2001 annual financial statements have been applied to the preparation of the interim financial report except that the Company has adopted the new and revised Statements of Standard Accounting Practices (“SSAPs”) which became effective on 1 January 2002. The adoption of these new and revised SSAPs including SSAP1 (revised) “Presentation of financial statements”, SSAP11 (revised) “Foreign currency translations”, SSAP15 (revised) “Cash flow statements” and SSAP34 “Employee benefits” has no material effect on the Group’s financial results for the six months ended 30 June 2002.

2. Segmental information

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment (geographical segment), or in providing products or services (business segment), which is subject to risks and rewards that are different from those of other segments.

Information relating to geographical segments based on the location of assets is chosen as the primary reporting format because this is considered by management to be more relevant to the Group in making operating and financial decisions. The Group’s business operations are mainly divided into the Macau, PRC, Vietnam, Canada and other markets classified by the location of assets.

Segment revenue and expenses include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue and expenses are determined before intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group transactions are between group enterprises within a single segment.

2. Segmental information (Continued)

The analysis of the geographical locations of the operations of the Company and its subsidiaries during the financial period are as follows:

	Six months ended 30 June 2002 (\$'000)					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	88,457	17,066	4,723	797	6,230	117,273
Other revenue						
— allocated	551	—	—	—	—	551
— unallocated	—	—	—	—	800	800
Total revenue	89,008	17,066	4,723	797	7,030	118,624
Segment result	23,145	(10,876)	(2,502)	20	2,585	12,372
Finance costs						(5,383)
Share of profits less losses of associates	(6)	3,670	4,729	2,566	—	10,959
Profit from ordinary activities before taxation						17,948
Taxation credit						3,259
Profit from ordinary activities after taxation						21,207
Minority interest						224
Profit attributable to shareholders						21,431
Depreciation and amortisation	2,114	13,051	4,303	—	1	19,469

	Six months ended 30 June 2001 (\$'000)					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	107,675	14,435	—	956	647	123,713
Other revenue						
— allocated	209	30	—	—	—	239
— unallocated	—	—	—	—	1,773	1,773
Total revenue	107,884	14,465	—	956	2,420	125,725
Segment results	18,849	(13,456)	(75)	(211)	(8,004)	(2,897)
Finance costs						(11,849)
Share of profits less losses of associates	(4)	3,843	5,526	3,772	—	13,137
Loss from ordinary activities before taxation						(1,609)
Taxation credit						5,710
Profit from ordinary activities after taxation						4,101
Minority interest						4,136
Profit attributable to shareholders						8,237
Depreciation and amortisation	2,834	12,837	16	—	2	15,689

2. Segmental information (Continued)

An analysis of the Group's turnover for the six months ended 30 June 2002 by business segments is as follows:

	Six months ended 30 June	
	2002 \$'000	2001 \$'000
Proceeds on sale of properties	85,395	101,370
Rental income	3,967	3,043
Hotel and club operations	25,295	16,604
Management fee received	2,616	2,696
	117,273	123,713

3. Other net income/(expenses)

Other net income/(expenses) for the six months ended 30 June 2001 included a loss on disposal of freehold land situated in Portugal of \$8,402,000.

4. Profit/(loss) from ordinary activities before taxation

	Six months ended 30 June	
	2002 \$'000	2001 \$'000

Profit/(loss) from ordinary activities before taxation is arrived at after charging/(crediting):

(a) Finance costs:

Interest on bank overdraft and other advances repayable within five years (net of \$1,905,000 interest capitalised into properties under development (2001: \$4,309,000))	3,095	6,094
Interests paid on amounts due to an affiliated company	1,934	5,755
Other borrowing costs	354	—
	5,383	11,849

(b) Other items:

Staff cost (including retirement costs of \$360,000 (2001: \$299,000))	6,913	7,530
Cost of properties sold	55,621	70,471
Cost of inventories	3,135	3,267
Depreciation	19,469	15,689
Dividend income from listed investment	(7)	(12)
	79,121	107,025

5. Taxation credit

Taxation is calculated at the rate of 16% (2001: 16%) on Hong Kong assessable profit and at the applicable rates on overseas assessable profits. The taxation credit is made up as follows:

	Six months ended 30 June	
	2002 \$'000	2001 \$'000
Provision for Hong Kong profits tax for the period	—	—
Overseas taxation		
— Current period	(4,794)	(4,322)
— Prior periods	9,580	10,837
	4,786	6,515
Share of associates' taxation	(1,527)	(805)
Taxation credit	3,259	5,710

6. Dividend

The interim dividend 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 shareholders of \$21,431,000 (2001: \$8,237,000) and on the 340,200,000 ordinary shares in issue during both periods.

8. Fixed assets
(a) Investment properties

At 30 June 2002, the directors have considered the carrying amount of the Group's investment properties and have estimated that the carrying amounts do not differ significantly from that as at 31 December 2001. Consequently, no revaluation surplus or deficit has been recognised in the current period.

(b) Other properties and fixed assets

During the period ended 30 June 2002, the Group has transferred approximately \$220 million from properties under development to hotel properties upon completion of the construction of serviced apartments in Ho Chi Minh City, Socialist Republic of Vietnam.

9. 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	At 31 December
	2002	2001
	\$'000	\$'000
Current	8,621	6,548
1 to 3 months overdue	7,879	16,375
More than 12 months overdue	—	50
	<hr/>	<hr/>
Trade receivables	<u>16,500</u>	<u>22,973</u>

Debts are due within 30 days from the date of billing. Trade receivables with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

10. Trade and other payables

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

	At 30 June	At 31 December
	2002	2001
	\$'000	\$'000
Due within 1 month or on demand	2,572	1,863
Due after 1 month but within 3 months	1,552	1,290
Due after 3 months but within 6 months	393	661
Due after 6 months but within 1 year	—	106
	<hr/>	<hr/>
Trade creditors	<u>4,517</u>	<u>3,920</u>

11. Share capital

	<i>No of shares</i>	<i>\$'000</i>
Authorised:		
Ordinary shares of \$1 each	<u>500,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2002 and 30 June 2002	<u>340,200,000</u>	<u>340,200</u>

12. Reserves

	Share premium \$'000	Legal reserve \$'000	Exchange reserve \$'000	Investment property revaluation reserve \$'000	Investment revaluation reserve \$'000	Revenue reserve \$'000	Total \$'000
At 1 January 2001	158,105	12,758	9,707	91	(25)	723,118	903,754
Movement during the year	—	—	1,721	7,989	69	—	9,779
Profit for the year	—	—	—	—	—	27,293	27,293
At 31 December 2001 and at 1 January 2002	158,105	12,758	11,428	8,080	44	750,411	940,826
Movements during the period	—	—	(201)	—	144	—	(57)
Profit for the period	—	—	—	—	—	21,431	21,431
At 30 June 2002	<u>158,105</u>	<u>12,758</u>	<u>11,227</u>	<u>8,080</u>	<u>188</u>	<u>771,842</u>	<u>962,200</u>

13. Commitments

At 30 June 2002, the Group had commitments in respect of development expenditure not provided for in the accounts as follows:

	At 30 June 2002 \$'000	At 31 December 2001 \$'000
Contracted for	101,610	111,114
Authorised but not contracted for	<u>—</u>	<u>—</u>
	<u>101,610</u>	<u>111,114</u>

14. Contingent liabilities

- (a) At 30 June 2002, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties under development amounting to \$6,311,000 (31 December 2001: \$6,311,000).
- (b) At 30 June 2002, there were guarantees given by a subsidiary to a bank on behalf of purchasers of flats amounting to \$39,000 (31 December 2001: \$728,000).

14. Contingent liabilities (Continued)

- (c) Pursuant to the revised agreement with the Macau SAR Government on 5 October 2001, Golden Crown Development Limited ("Golden Crown") is required to complete the remaining phases of the development project in Ocean Gardens by 31 December 2003. Failure to comply with the development schedule may render the subsidiary liable to a fine of \$4,854 for each day of delay up to a limit of 90 days and thereafter the fine may be increased up to \$9,709 per day. When the delay reaches 180 days, the Macau SAR Government may terminate the agreement totally or partially and the specified areas granted together with the work already done shall revert to the Macau SAR Government and the subsidiary shall have no right of compensation.

The directors are confident that the remaining phases of the development project will be completed by 31 December 2003.

- (d) At 30 June 2002, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and associates amounted to \$183,017,000 (31 December 2001: \$183,135,000) and \$53,148,000 (31 December 2001: \$50,762,000) respectively.
- (e) At 30 June 2002, guarantees given by a subsidiary to a bank to secure banking facilities made available to an associate amounted to \$34,137,000 (CAD\$6,635,000) (31 December 2001: \$32,604,000 (CAD\$6,635,000)).

15. Material related party transactions

During the six months ended 30 June 2002, certain subsidiaries of the Company had the following transactions which are on normal commercial terms with Goodland Limited ("Goodland"):

- (a) Goodland maintained current accounts with certain subsidiaries of the Group. The aggregate amounts due to Goodland amounted to \$133,223,000 (31 December 2001: \$131,464,000). Some of these accounts are interest bearing. The interests payable by the Group for the six months ended 30 June 2002 amounted to \$1,075,000 (2001: \$4,798,000).
- (b) Loans from minority shareholders include an amount due to Goodland of \$124,966,216 (31 December 2001: \$119,868,867) and are non-interest bearing except for an amount of \$34,637,405 (31 December 2001: \$31,242,463) which is interest bearing. The interest charged for the six months ended 30 June 2002 payable by the Group was \$859,244 (2001: \$956,611).
- (c) Golden Crown rented certain of its properties to Goodland and received rental income (net of outgoings) amounting to \$505,602 for the six months ended 30 June 2002 (2001: \$505,602).
- (d) Certain subsidiaries of the Group paid management fees to Goodland which totalled \$1,601,941 for the six months ended 30 June 2002 (2001: \$1,601,941).
- (e) Golden Crown rented certain properties from Goodland and paid rental of \$90,000 during the six months ended 30 June 2002 (2001: \$99,029).

Kansas Holdings Limited provides management services to the Company. No management fee was charged during the six months ended 30 June 2002 (2001: \$Nil).

Keck Seng Realty Investment Pte Limited acts as manager and sales agent for the Company's property in Singapore. No management or agency fee was charged during the six months ended 30 June 2002 (2001: \$Nil).

Messrs Ho Kian Guan, Ho Kian Hock and Ho Kian Cheong were interested in the above arrangements as substantial shareholders and directors of Kansas Holdings Limited, Keck Seng Realty Investment Pte Limited and Goodland.

(Expressed in Hong Kong dollars)

REVIEW OF OPERATIONS

Macau

Turnover in Macau for the first six months of 2002 amounted to \$89 million, a reduction of 18% as compared to the same period in 2001. This was due to the fact that figures for the previous year were boosted by sales launch of a new residential block in Ocean Gardens. There were no new launches in 2002. For the first six months of 2002, sales results were satisfactory taking into consideration the uncertainties surrounding the weak economy and job market. Reduction in selling expenses during 2002, however, contributed to a 23% increase in profits to \$23.1 million.

The People's Republic of China

Turnover at the Holiday Inn Riverside Wuhan increased by 18% in the first six months of the year to \$17 million, as compared to the same period in 2001. As a result of the increased turnover and cost control, the amount of loss was reduced by 19% to \$10.9 million, after accounting for depreciation and amortization.

Vietnam

The Ocean Place Executive Residences commenced business in February 2002. Revenue for this period was \$4.7 million. After accounting for depreciation and amortization, the amount of loss reported was \$2.5 million.

Revenue and occupancy rates at the Caravelle Hotel continued to improve during the first six months of 2002.

Given the satisfactory outcome of arbitration between the Group and the main contractor of the Ocean Place project, plans are in place to re-commence construction works for the hotel portion of Ocean Place. It is expected that the hotel will commence business in 2003.

Canada

Persistent weakness of the North American hotel industry continued to negatively impact the Group's hotel investments in Canada. Both turnover and share of profits of associates dropped as compared to the previous year.

FINANCIAL REVIEW

The Group's turnover was \$117.3 million for the first six months of 2002, a slight decrease of 5% over the corresponding period in 2001. 73% of the Group's turnover was generated by sale of properties, most of which were from Macau (2001: 82%). During the period under review, revenue from hotel and club operations amounted to \$25.3 million, a significant increase of 52% as compared to \$16.6 million in the corresponding period in 2001. Profit attributable to shareholders of \$21.4 million was reported as compared to \$8.2 million in 2001, the latter of which was primarily due to the loss on disposal of land of \$8.4 million in that year.

FINANCIAL REVIEW (Continued)

The Group's net borrowings as at 30 June 2002 amounted to approximately \$446,041,000, representing total bank loans and other borrowings of \$550,512,000 less cash equivalents of \$104,471,000. The Group's ratio of net borrowings to total assets was 21%. Of the total amount of bank borrowings of \$237,286,000, \$85,870,000 are repayable within twelve months and the remaining of \$151,416,000 are repayable within two to five years.

The Group's borrowings are mainly in Hong Kong dollars and United States dollars. Other borrowings are in Renminbi and are matched by revenues in that currency. Cash and cash equivalents are also mostly in Hong Kong dollars and United States dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 30 June 2002, the secured bank loan facilities granted to the Group were secured by mortgages over certain investment, hotel and other properties of the Group with aggregate carrying value of approximately \$422 million and certain properties held for sale of the Group of approximately \$172 million.

In addition, shares in a subsidiary were pledged to a bank as part of security given to secure a bank loan. As at 30 June 2002, shares in an associate were pledged to a bank by a subsidiary in return for banking facilities granted to that associate.

CONTINGENT LIABILITIES

At 30 June 2002, there were outstanding counter indemnities relating to guarantees issued by a subsidiary' bankers in favour of the Macau SAR Government in respect of properties under development amounting to \$6,311,000. As at 30 June 2002, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and associates amounted to \$183 million and \$53.1 million respectively.

At 30 June 2002, guarantees given by a subsidiary to a bank to secure banking facilities made available to an associate amounted to \$34 million.

Pursuant to the revised agreement with the Macau SAR Government on 5 October 2001, one of the subsidiaries of the Group was required to complete the remaining phases of a property development project in Ocean Gardens by 31 December 2003. Whilst failure to complete the remaining phases of the development would give rise to the possibility of fines to be imposed by the Macau SAR Government up to 180 days of delay in a manner more particularly described in note 14(c) of the interim financial report, the directors are confident that the remaining phases of the development project will be completed by the revised deadline. Delays beyond the 180-day period would give rise to the possibility of rescission of the lease by the Macau SAR Government without compensation to the subsidiary.

PROSPECTS

Property sales in Macau will continue to be the main contribution to the Group's turnover. It is expected that the economy will respond positively to an increase in investments in Macau by the two gaming operators that have recently been granted licenses to commence operations there. This should provide an impetus to the property sector, boosting sale and leasing of properties across the residential and commercial segments.

Political and economic uncertainties worldwide, however, continue to plague investors' and consumers' confidence. The US economy, the main engine of economic stability worldwide, is exhibiting signs of a slowdown. Against this background, upside gain in the Group's turnover and profitability will be limited.

INTERIM DIVIDENDS

The Directors have declared an interim dividend of \$0.01 (2001: nil) per share in cash for the first six months ended 30 June 2002 payable on Wednesday, 6 November 2002, to shareholders whose names appear on the register of members of the Company on Friday, 1 November 2002.

BOOK CLOSE

The register of members will be closed from Monday, 28 October 2002 to Friday, 1 November 2002 (both days inclusive) during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong no later than 4:00 p.m. on Friday, 25 October 2002.

DIRECTORS' INTERESTS IN SHARES

The interests of the directors and their associates in the share capital of the Company and its associated corporations, as defined in the Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance as at 30 June 2002 were as follows:

	Personal interest		Shares of \$1 each		
		Family interest	Corporate interest		Other interest
Beneficial interests					
Keck Seng Investments (Hong Kong) Limited					
Ho Kian Guan	480	—	253,876,320	<i>(note 1)</i>	—
Ho Kian Hock	480	—	253,876,320	<i>(note 1)</i>	—
Ho Kian Cheong	480	—	253,876,320	<i>(note 1)</i>	—
Paul Tse See Fan	288,720	—	—		—
Robin YH Chan	180,000	—	720,000	<i>(note 2)</i>	—
Arthur Kwok Chi Shun	—	—	—		—
Shares of S\$1 each Corporate interests					
Lam Ho Investments Pte Ltd					
Ho Kian Guan					495,000 <i>(note 3)</i>
Ho Kian Hock					495,000 <i>(note 3)</i>
Ho Kian Cheong					495,000 <i>(note 3)</i>
Shares of \$1 each Corporate interests					
Shun Seng International Limited					
Ho Kian Guan					9,990 <i>(note 3)</i>
Ho Kian Hock					9,990 <i>(note 3)</i>
Ho Kian Cheong					9,990 <i>(note 3)</i>
Arthur Kwok Chi Shun					15,000 <i>(note 4)</i>
Shares of £1 each Corporate interests					
Scofield Limited					
Ho Kian Guan					200 <i>(note 3)</i>
Ho Kian Hock					200 <i>(note 3)</i>
Ho Kian Cheong					200 <i>(note 3)</i>

DIRECTORS' INTERESTS IN SHARES (Continued)

	Amount of capital (US\$)	
	Corporate interests	
Hubei Qing Chuan Hotel Company Limited		
Ho Kian Guan		5,216,000 (note 3)
Ho Kian Hock		5,216,000 (note 3)
Ho Kian Cheong		5,216,000 (note 3)
Arthur Kwok Chi Shun		489,000 (note 5)
	Shares of Ptc1 each	
	Corporate interests	
Golden Crown Development Limited		
Ho Kian Guan		9,000,000 (note 3)
Ho Kian Hock		9,000,000 (note 3)
Ho Kian Cheong		9,000,000 (note 3)
	Quota of Ptc1,000	
	Corporate interests	
Ocean Gardens Management Company Limited		
Ho Kian Guan		1 (note 3)
Ho Kian Hock		1 (note 3)
Ho Kian Cheong		1 (note 3)
	Shares of \$1 each	
	Corporate interests	
Shun Cheong International Limited		
Ho Kian Guan		999 (note 3)
Ho Kian Hock		999 (note 3)
Ho Kian Cheong		999 (note 3)
Arthur Kwok Chi Shun		5,500 (note 6)
	Shares of M\$1 each	
	Corporate interests	
KSF Enterprises Sdn Bhd		
Ho Kian Guan		7,500 (note 3)
Ho Kian Hock		7,500 (note 3)
Ho Kian Cheong		7,500 (note 3)
	Common shares	Preferred shares
	without par value	of C\$1 each
	Corporate interests	
Chateau Ottawa Hotel Inc.		
Ho Kian Guan	450,000 (note 3)	450,000 (note 3)
Ho Kian Hock	450,000 (note 3)	450,000 (note 3)
Ho Kian Cheong	450,000 (note 3)	450,000 (note 3)

DIRECTORS' INTERESTS IN SHARES (Continued)

Notes:

1. At 30 June 2002, Messrs Ho Kian Guan, Ho Kian Hock and Ho Kian Cheong were substantial shareholders of Kansas Holdings Limited and Goodland, which together beneficially held 253,876,320 shares in the Company.
2. At 30 June 2002, Dr Robin YH Chan had controlling interests in United Asia Enterprises Inc. which held 720,000 shares in the Company.
3. At 30 June 2002, Messrs Ho Kian Guan, Ho Kian Hock and Ho Kian Cheong had deemed corporate interests in Lam Ho Investments Pte Limited, Shun Seng International Limited, Scoffield Limited, Hubei Qing Chuan Hotel Company Limited ("Qing Chuan"), Golden Crown Development Limited, Ocean Gardens Management Company Limited, Shun Cheong International Limited, KSF Enterprises Sdn Bhd and Chateau Ottawa Hotel Inc. which were held through companies collectively controlled by them.
4. At 30 June 2002, Mr Arthur Kwok Chi Shun was a substantial shareholder of Larch Management Incorporated which beneficially held 15,000 shares representing 15% interest in Shun Seng International Limited.
5. At 30 June 2002, capital in the amount of US\$489,000, representing 3% interest in Qing Chuan was held by AKAA Project Management Limited which is wholly owned by Mr Arthur Kwok Chi Shun.
6. At 30 June 2002, 5,500 shares representing 55% interest in Shun Cheong International Limited were held by Larcfort Incorporated in which Mr Arthur Kwok Chi Shun had beneficial interests.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares as at 30 June 2002, amounting to 10% or more the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

	No. of shares held	Percentage of total issued shares
Goodland Limited	153,006,960	45.0%
Kansas Holdings Limited	100,869,360	29.7%
	<u>253,876,320</u>	<u>74.7%</u>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

No director of the Company is aware of information which would reasonably indicate that the Company is not or was not in compliance with the Code of Best Practice, as set out by the Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules at any time during the six months ended 30 June 2002, except that the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Ho Kian Guan*Chairman*

Hong Kong, 27 September 2002

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

We have been instructed by the Company to review the interim financial report set out on pages 1 to 11.

Directors' responsibilities

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 Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2002.

KPMG

Certified Public Accountants

Hong Kong, 27 September 2002