

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 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

SECRETARY

YUEN Chiu Yuk, Ida

AUDITORS

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Hong Kong

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 2007. 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" and by the Audit Committee of the Board of Directors. The review report of the auditors is included on page 24.

The consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2007 was HK\$127,131,000 (HK 37.4 cents per share), compared to HK\$63,497,000 (HK 18.7 cents per share) for the first six months of 2006.

The Directors have declared an interim dividend of HK 5 cents (2006: HK 3 cents) per share for 2007 payable on Wednesday, 17 October 2007, to equity holders whose names appear on the register of members of the Company on Thursday, 11 October 2007.

Consolidated Income Statement – unaudited

		Six months ended 30 June	
		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover		309,591	246,964
Cost of sales	2	(55,898)	(48,378)
		253,693	198,586
Valuation gains on investment properties		19,753	18,500
Other revenue	3(a)	17,562	11,298
Other net income	3(b)	44,079	14,247
Direct operating expenses		(72,437)	(71,513)
Marketing and selling expenses		(9,633)	(6,833)
Depreciation and amortisation		(48,069)	(45,992)
Administrative and other operating expenses		(53,762)	(46,769)
Profit from operations		151,186	71,524
Finance costs	4(a)	(689)	(4,463)
Share of profits less losses of associates		9,928	8,772
Profit before taxation	4	160,425	75,833
Income tax	5(a)	(2,816)	1,827
Profit for the period		157,609	77,660
Attributable to:			
Equity holders of the Company		127,131	63,497
Minority interests		30,478	14,163
Profit for the period		157,609	77,660
Dividends payable to equity holders of the Company attributable to the period:			
Interim dividend declared after the interim period end			
– HK\$0.05 (2006: HK\$0.03) per share	6	17,010	10,206
Basic earnings per share	7	37.4 cents	18.7 cents

The notes on pages 6 to 16 form part of this interim financial report.

Consolidated Balance Sheet

	Notes	(unaudited) At 30 June 2007		(audited) At 31 December 2006	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets	8				
– Investment properties			241,233		221,480
– Other properties and fixed assets			625,830		661,847
Interests in leasehold land held for own use under operating lease			<u>121,149</u>		<u>120,567</u>
			988,212		1,003,894
Interest in associates			121,794		104,259
Available-for-sale securities			2,638		1,785
Deferred tax assets			<u>5,888</u>		<u>5,310</u>
			1,118,532		1,115,248
Current assets					
Trading securities	9	117,111		–	
Properties held for sale		333,059		335,671	
Inventories		2,211		1,850	
Trade and other receivables	10	27,102		82,760	
Cash and cash equivalents		<u>916,665</u>		<u>842,011</u>	
		<u>1,396,148</u>		<u>1,262,292</u>	
Current liabilities					
Bank loans		15,600		48,669	
Trade and other payables	11	125,584		104,122	
Loans from associates		1,364		1,364	
Loans from minority shareholders		31,294		38,174	
Loan from an affiliated company		28,985		28,840	
Amounts due to an affiliated company		39,464		29,561	
Taxation payable		37,608		38,578	
Dividend payable		<u>34,020</u>		<u>–</u>	
		<u>313,919</u>		<u>289,308</u>	
Net current assets			<u>1,082,229</u>		<u>972,984</u>
Total assets less current liabilities			<u>2,200,761</u>		<u>2,088,232</u>
Non-current liabilities					
Loans from minority shareholders		83,672		81,241	
Deferred tax liabilities		<u>13,005</u>		<u>10,635</u>	
			<u>(96,677)</u>		<u>(91,876)</u>
NET ASSETS			<u>2,104,084</u>		<u>1,996,356</u>
CAPITAL AND RESERVES					
Share capital	12		340,200		340,200
Reserves			<u>1,464,356</u>		<u>1,371,676</u>
Total equity attributable to equity holders of the Company			<u>1,804,556</u>		<u>1,711,876</u>
Minority interests			<u>299,528</u>		<u>284,480</u>
TOTAL EQUITY			<u>2,104,084</u>		<u>1,996,356</u>

The notes on pages 6 to 16 form part of this interim financial report.

Consolidated Statement of Changes in Equity – unaudited

	Attributable to equity holders 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	Revenue reserve HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2006	340,200	158,105	12,758	22,048	18,330	416	993,414	1,545,271	230,149	1,775,420
Movement during the period	-	-	-	(2,302)	6,942	162	-	4,802	-	4,802
Profit for the period	-	-	-	-	-	-	63,497	63,497	14,163	77,660
Dividends	-	-	-	-	-	-	(13,608)	(13,608)	(15,430)	(29,038)
At 30 June 2006	<u>340,200</u>	<u>158,105</u>	<u>12,758</u>	<u>19,746</u>	<u>25,272</u>	<u>578</u>	<u>1,043,303</u>	<u>1,599,962</u>	<u>228,882</u>	<u>1,828,844</u>
At 1 January 2007	340,200	158,105	12,758	17,434	9,555	1,193	1,172,631	1,711,876	284,480	1,996,356
Movement during the period	-	-	-	(2,431)	1,147	853	-	(431)	-	(431)
Profit for the period	-	-	-	-	-	-	127,131	127,131	30,478	157,609
Dividends	-	-	-	-	-	-	(34,020)	(34,020)	(15,430)	(49,450)
At 30 June 2007	<u>340,200</u>	<u>158,105</u>	<u>12,758</u>	<u>15,003</u>	<u>10,702</u>	<u>2,046</u>	<u>1,265,742</u>	<u>1,804,556</u>	<u>299,528</u>	<u>2,104,084</u>

The notes on pages 6 to 16 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement – unaudited

	Six months ended 30 June	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net cash generated from operating activities	223,305	53,545
Net cash (used in)/generated from investing activities	(129,772)	5,761
Net cash used in financing activities	<u>(55,923)</u>	<u>(48,221)</u>
Increase in cash and cash equivalents	37,610	11,085
Cash and cash equivalents at 1 January	842,011	639,303
Effect of foreign exchanges rate changes	<u>37,044</u>	<u>16,093</u>
Cash and cash equivalents at 30 June	<u>916,665</u>	<u>666,481</u>

The notes on pages 6 to 16 form part of this interim financial report.

Notes on the Unaudited Interim Financial Report

1 Significant accounting policies

Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The HKICPA has issued the following new standards, amendments and interpretations which are effective for accounting periods beginning on or after 1 January 2007 and relevant to the Group's operations.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial instruments: Disclosures

The adoption of these new standards, amendments and interpretations has no significant impact on the Group's results and financial position, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the interim financial report.

The Group has not early adopted the following amendments, new standards and interpretations which have been issued and are not yet effective for the accounting period ended 30 June 2007. 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 accounting periods beginning on or after
HK(IFRIC) Int 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HK(IFRIC) Int 12	Service concession arrangements	1 January 2008
HKFRS 8	Operating segments	1 January 2009
HKAS 23 (revised)	Borrowing costs	1 January 2009

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.

1 Significant accounting policies *(continued)*

Basis of preparation *(continued)*

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 2006 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.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 24.

The financial information relating to the financial year ended 31 December 2006 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 2006 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 April 2007.

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 Macau, the People's Republic of China ("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.

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2 **Segmental information (continued)**

The analysis of the geographical locations of the operations of the Group during the financial period is as follows:

	Six months ended 30 June 2007 (HK\$'000)					Total
	Macau	PRC	Vietnam	Canada	Others	
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	53,232	6,187	53,128	(247)	38,886*	151,186
Finance costs	(96)	(450)	–	–	(143)	(689)
Share of profits less losses of associates	(2)	–	4,783	5,147	–	<u>9,928</u>
Profit before taxation						160,425
Income tax expense						<u>(2,816)</u>
Profit for the period						<u>157,609</u>
Profit attributable to equity holders of the Company						<u>127,131</u>
Minority interests						<u>30,478</u>
Depreciation and amortisation	2,379	5,684	39,918	–	88	48,069

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

2 Segmental information (continued)

	Six months ended 30 June 2006 (HK\$'000)					Total
	Macau	PRC	Vietnam	Canada	Others	
Turnover	10,831	22,291	212,737	556	549	246,964
Other revenue						
– allocated	6,279	116	77	–	–	6,472
– unallocated	–	–	–	–	4,826	4,826
Total revenue	<u>17,110</u>	<u>22,407</u>	<u>212,814</u>	<u>556</u>	<u>5,375</u>	<u>258,262</u>
Other net income	<u>8,881</u>	<u>198</u>	<u>149</u>	<u>–</u>	<u>5,019</u>	<u>14,247</u>
Segment result	31,090	(3,062)	34,232	(125)	9,389*	71,524
Finance costs	(71)	(671)	–	(3)	(3,718)	(4,463)
Share of profits less losses of associates	–	2,298	(383)	6,857	–	<u>8,772</u>
Profit before taxation						75,833
Income tax credit						<u>1,827</u>
Profit for the period						<u>77,660</u>
Profit attributable to equity holders of the Company						<u>63,497</u>
Minority interests						<u>14,163</u>
Depreciation and amortisation	2,162	4,816	38,926	–	88	45,992
Impairment of interest in an associate	–	5,910	–	–	–	5,910

* Segment results of "others" include exchange gain of HK\$5,019,000.

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2 Segmental information (continued)

An analysis of the Group's turnover for the six months ended 30 June 2007 by business segments is as follows:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Hotel and club operations		
– Room	93,290	78,122
– Food and beverage	71,243	53,153
– Slot machine income (Note)	111,964	103,753
– Others	2,320	1,830
	<u>278,817</u>	<u>236,858</u>
Proceeds from sale of properties	19,520	1,330
Rental income	8,168	5,932
Management fee received	3,086	2,844
	<u>309,591</u>	<u>246,964</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	
	2007	2006
	HK\$'000	HK\$'000
Interest income from bank deposits	16,767	10,638
Dividend income from available- for-sale securities	40	31
Sundry income	755	629
	<u>17,562</u>	<u>11,298</u>

(b) Other net income

Exchange gain	51,476	14,247
Fair value loss on investment fund	(424)	–
Loss on disposal of fixed assets	(6,973)	–
	<u>44,079</u>	<u>14,247</u>

4 Profit before taxation

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

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank overdraft and other advances wholly repayable within five years	623	1,001
Interest on other loans	–	3,420
Interest paid on amounts due to an affiliated company	66	42
	<u>689</u>	<u>4,463</u>
(b) Staff costs:		
Salaries, wages and other benefits	22,517	22,876
Contributions to defined contribution retirement plans	814	854
	<u>23,331</u>	<u>23,730</u>
(c) Other items:		
Cost of properties sold	2,612	243
Cost of inventories	15,878	12,439
Auditors' remuneration	375	350
Rentals receivable from investment properties less direct outgoings of HK\$1,357,000 (2006: HK\$969,000)	(6,182)	(4,414)
Other rental income less direct outgoings	(629)	(549)
Impairment of interest in an associate *	–	5,910
	<u>–</u>	<u>5,910</u>

* Details of the impairment of interest in an associate are set out in note 11 of the 2006 interim financial report.

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5 Income tax

(a) Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	–	–
Current tax – Overseas		
Provision for the period	4,480	2,904
Over-provision in respect of prior periods (<i>note (ii)</i>)	(3,472)	(6,951)
	1,008	(4,047)
Deferred tax		
Change in value of investment properties	2,370	2,220
Origination and reversal of temporary differences	1,043	–
Future benefit of tax losses recognised	(1,605)	–
	1,808	2,220
Income tax expense/(credit)	2,816	(1,827)

Notes:

- (i) No provision for Hong Kong Profits Tax was made as the Group has no assessable profits subject to Hong Kong Profits Tax during the period.
- Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (ii) In prior years, the directors provided for Macau complementary tax based on information available to the Group at that time. During the six months ended 30 June 2007, the directors have reassessed the adequacy of those provisions and as a result of this evaluation, provisions for Macau complementary tax charged to the income statement in previous years totalling HK\$3,472,000 (2006: HK\$6,951,000) have been credited to the consolidated income statement for the six months ended 30 June 2007.
- (iii) Share of associates' tax for the six months ended 30 June 2007 of HK\$3,057,000 (2006: HK\$659,000) is included in the share of profits less losses of associates.

5 Income tax (continued)

- (b) The major component of unprovided deferred taxation of the Group is the cumulative tax losses of HK\$57,359,000 (31 December 2006: HK\$67,905,000). The future benefit of tax losses has not been recognised as it is not probable that there will be sufficient appropriate taxable profits in the foreseeable future against which they may be offset.

The tax losses can be carried forward or offset against the taxable profits of the relevant subsidiaries in subsequent years for up to three to twenty years from the year in which they were incurred or there is no restriction on their expiry depending on the tax jurisdiction concerned.

6 Dividend

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 holders of HK\$127,131,000 (2006: HK\$63,497,000) and 340,200,000 ordinary shares in issue during both periods.

8 Fixed assets

Investment properties carried at fair value were revalued at 30 June 2007 by an independent firm of professional surveyors, Infinity Property Development and Planning Limited, on an open market value basis after taking into consideration the net rental income allowing for reversionary potential. During the six months ended 30 June 2007, a revaluation gain of HK\$19,753,000 (2006: HK\$18,500,000), and corresponding deferred tax thereon of HK\$2,370,000 (2006: HK\$2,220,000), have been included in the consolidated income statement.

As at 30 June 2007, certain investment properties, other properties and a hotel property together with integral fixtures and fittings with a net book value of HK\$274,389,000 (31 December 2006: HK\$797,713,000) were mortgaged to various banks to secure banking facilities granted to the Group.

9 Trading securities

During the period, the Group acquired trading securities in aggregate amounts of HK\$117,535,000. At 30 June 2007, trading securities comprised unlisted investment funds which are stated at fair value. The fair values are determined by reference to bid prices quoted in active market or valuation performed by the issuing financial institution and the movements of HK\$424,000 during the period are charged to the consolidated income statement.

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10 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 2007 HK\$'000	At 31 December 2006 HK\$'000
Current	8,677	9,678
1 to 3 months overdue	7,092	65,158
4 to 12 months overdue	—	44
	<hr/>	<hr/>
Trade receivables	15,769	74,880

The Group has a defined credit policy. The general credit terms allowed is within one month. Debtors with balances that are more than three months overdue need to settle all outstanding balances before any further credit is granted.

11 Trade and other payables

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

	At 30 June 2007 HK\$'000	At 31 December 2006 HK\$'000
Due within 1 month or on demand	42,272	18,170
Due after 1 month but within 3 months	741	8,103
Due after 3 months but within 6 months	167	582
	<hr/>	<hr/>
Trade creditors	43,180	26,855

12 Share capital and reserves

(a) Share capital

	<i>No. of shares</i>	<i>Amount HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$1 each	500,000,000	500,000
<i>Issued and fully paid:</i>		
At 1 January 2007 and 30 June 2007	340,200,000	340,200

(b) Reserves

Details of the movements in reserves of the Group during the six months ended 30 June 2006 and 30 June 2007 are set out in the consolidated statement of changes in equity.

13 Commitments

At 30 June 2007, the Group had commitments in respect of development expenditure not provided for as follows:

	At 30 June 2007 HK\$'000	At 31 December 2006 HK\$'000
Contracted for	872	–
Authorised but not contracted for	99,279	–
	100,151	–

14 Contingent liabilities

- (a) At 30 June 2007, 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 under development amounting to HK\$6,311,000 (31 December 2006: HK\$6,311,000).
- (b) At 30 June 2007, guarantees given by the Company to banks to secure banking facilities made available to a subsidiary and an associate amounted to HK\$29,708,000 (31 December 2006: HK\$29,560,000) and HK\$76,122,000 (31 December 2006: HK\$68,932,000) respectively.
- (c) At 30 June 2007, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to its associate amounted to HK\$36,845,000 (CA\$5,000,000) (31 December 2006: HK\$33,365,000 (CA\$5,000,000)).

As at the balance sheet date, 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.

15 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions:

- (a) During the six months ended 30 June 2007, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Goodland Limited ("Goodland"), an affiliated company which held 28% of equity interest in the Company at 30 June 2007:
- (i) Loan from Goodland amounting to HK\$28,985,000 at 30 June 2007 (31 December 2006: HK\$28,840,000), which are unsecured and payable on demand.
- (ii) Amounts due to Goodland of HK\$39,464,000 at 30 June 2007 (31 December 2006: HK\$29,561,000) which comprise:
- interest bearing accounts with certain subsidiaries of the Company amounting to HK\$5,826,000 at 30 June 2007 (31 December 2006: HK\$4,075,000). Interest payable by the subsidiaries was HK\$119,000 (2006: HK\$42,000) for the six months ended 30 June 2007.
 - non-interest bearing accounts with certain subsidiaries of the Company amounting to HK\$33,638,000 at 30 June 2007 (31 December 2006: HK\$25,486,000).

15 Material related party transactions (continued)

(a) (continued)

- (iii) Loans from minority shareholders at 30 June 2007 include amounts due to Goodland of HK\$54,678,000 (31 December 2006: HK\$54,678,000) in nominal value (before the effect of discounting in the amount of HK\$8,313,000 (31 December 2006: HK\$9,666,000)), which are unsecured, non-interest bearing, and repayable on 30 April 2010.
- (iv) A subsidiary of the Company rented certain of its properties to Goodland and received rental income (net of outgoings) amounting to HK\$338,000 for the six months ended 30 June 2007 (2006: HK\$338,000).
- (v) Certain subsidiaries of the Company paid management fees to Goodland amounting to HK\$1,602,000 (2006: HK\$1,602,000) for the six months ended 30 June 2007.
- (vi) A subsidiary of the Company incurred building construction costs payable to Goodland in respect of construction of certain development projects of Ocean Gardens amounting to HK\$2,000,000 for the six months ended 30 June 2006.
- (vii) The Company, Goodland, Larch Management Incorporated and AKA A Project Management International Limited provided a guarantee, on a joint and several basis, to a bank in connection with a term loan facility obtained by a subsidiary of the Company.

A term loan facility of up to an aggregate principal amount of US\$3,800,000 (approximately HK\$29,708,400) was made available by the bank for a period of three years subject to the terms and conditions of a facility agreement between the subsidiary and the bank entered into on 26 March 2004. The interest rate shall be the sum of 1.46% per annum and 3 or 6 months' LIBOR at the subsidiary's option. It is intended that the subsidiary will choose whichever the lower interest rate is on an interest payment date.

Messrs Ho Kian Guan and Ho Kian Hock, also directors of Goodland, each has 50% indirect interest in Goodland and they are deemed to be interested in the aforesaid transactions.

- (b) During the period ended 30 June 2007, certain subsidiaries of the Company had the following transactions, which were on the normal commercial terms with Ho Kian Cheong ("KC Ho"), a non-executive director and a substantial shareholder of the Company as at 30 June 2007:

- (i) Amounts due to KC Ho represented non-interest bearing accounts with certain subsidiaries amounting to HK\$3,480,000 (31 December 2006: HK\$4,270,000).
- (ii) Loans from KC Ho representing an interest-free loan to a subsidiary made by KC Ho for the year ended 31 December amounting to HK\$7,021,000 (31 December 2006: HK\$6,986,000), which is unsecured and payable on demand.
- (iii) Loans from minority shareholders classified under non-current liabilities at 30 June 2007 include amounts due to KC Ho of HK\$13,245,000 (31 December 2006: HK\$13,245,000) in nominal value (before the effect of discounting in the amount of HK\$2,014,000 (31 December 2006: HK\$2,341,000)), which are unsecured, non-interest bearing and repayable on 30 April 2010.

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

The inflow of overseas investment capital into the gaming, property and other sectors in Macau continued during the first half of 2007. This has a positive impact on capital value in the property sector. During this period, the Group's total revenue from Macau arising mostly from sale of residential units in **Ocean Gardens** increased by 137% to HK\$40.5 million.

Vietnam

During the first half of 2007, **Sheraton Saigon Hotel and Towers and Executive Residences** reported improvements in operations and revenues. Average room rate increased in the first half of 2007 to US\$181, as compared to US\$148 in 2006. Occupancy rate also increased to 74% during the first six months of 2007, as compared to 65% during the same period of 2006. The hotel won the "Best Business Hotel in Vietnam" award and continues to be the premier hotel in Ho Chi Minh City.

The **Caravelle Hotel**, in which the Group holds 25%, reported significant improvements in the first half of 2007, as compared to 2006. Average room rate has increased to US\$157 in the first half of 2007, as compared to US\$123 in the first half of 2006. Occupancy rate also improved to 70% in 2007, as compared to 58% during the same period in 2006.

PRC

The **Holiday Inn Riverside Wuhan** reported an increase in room rates for the first half of 2007 to RMB 396, as compared to RMB 371 in 2006. Occupancy rate declined to 66% in the first half of 2007, as compared to 75% during the same period of 2006.

Canada

During the first half of 2007, **Sheraton Ottawa Hotel** in Ottawa, **DoubleTree International Plaza Hotel** in Toronto, and **Four Points Hotel by Sheraton** in Quebec all reported higher revenues as compared to 2006. However, there was a decrease in share of profit for the period.

Financial Review

The Group's turnover was HK\$309.6 million for the first six months of 2007, an increase of 25% over the corresponding period in 2006. 6% of the Group's turnover was generated by the sale of properties in Macau (2006: 1%). During the period under review, revenue from hotel and club operations amounted to HK\$278.8 million, an increase of 18% as compared to HK\$236.9 million in the corresponding period in 2006. A profit attributable to equity holders of HK\$127.1 million was reported as compared to a profit attributable to equity holders of HK\$63.5 million in 2006.

As of 30 June 2007, the Group had total bank loans of HK\$15.6 million and other borrowings of HK\$184.8 million whilst cash equivalents amounted to HK\$916.7 million. Accordingly, the ratio of net borrowings to total assets was not applicable. The entire bank borrowings are repayable within twelve months.

The Group's borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Euros, Canadian dollars, Pounds Sterling, Australian dollars, United States dollars and Hong Kong 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 Directors believe the Group has sufficient working capital for its present requirements.

Pledge of Assets

As at 30 June 2007, certain investment properties, other properties, a hotel property together with integral fixtures and fittings with a net book value of HK\$274.4 million were mortgaged to various banks to secure banking facilities granted to the Group.

Contingent Liabilities

As at 30 June 2007, 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 under development amounting to HK\$6,311,000.

As at 30 June 2007, guarantees given by the Company to banks to secure banking facilities made available to a subsidiary and an associate amounted to HK\$29,708,000 (fully repaid by the subsidiary in August 2007) and HK\$76,122,000 respectively.

As at 30 June 2007, a joint and several guarantee to the extent of CA\$5,000,000 (equivalent to HK\$36,845,000) was given by a subsidiary and the Company to a bank to secure banking facilities made available to its associate.

Prospects

The Macau economy and the property sector are expected to continue to perform well. The capital value of the Group's property portfolio will continue to improve against this background. The leasing market in Macau for residential properties is becoming more active with the opening of the Venetian Macau Resort (the "Venetian") and other hotel and gaming establishments. The opening of the 1.2 million square feet meeting and convention facility at the Venetian adds to the level of leasing activity. The Group intends to launch the leasing of two blocks of serviced apartments at Ocean Gardens to take advantage of this development. To take advantage of the buoyant market in Macau, the Group also intends to review plans to re-develop some properties in Ocean Gardens.

Vietnam and PRC, where the Group has invested, are expected to perform well.

The Group will continue to focus in these markets where it has proven experience and track records, and to take advantage of the growth potential in these markets.

Personnel

As at 30 June 2007, the Group has approximately 1,742 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 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 2007.

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, 8 October 2007 to Thursday, 11 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers 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 no later than 4:30 p.m. on Friday, 5 October 2007.

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 2007.

Directors' Interests and Short Positions in Shares

The directors of the Company who held office at 30 June 2007 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:

Directors' Interests and Short Positions in Shares *(continued)*

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	480	197,516,320 ⁽²⁾	197,516,800	58.06
	Ho Kian Hock	480	197,516,320 ⁽²⁾	197,516,800	58.06
	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
Lam Ho Investments Pte Ltd	Ho Kian Guan	-	32,410,774 ⁽⁴⁾	32,410,774	99.7
	Ho Kian Hock	-	32,410,774 ⁽⁴⁾	32,410,774	99.7
	Ho Kian Cheong	96,525	-	96,525	0.3
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	-	3,300,000 ⁽¹⁴⁾	3,300,000	55.00
	Ho Kian Hock	-	3,300,000 ⁽¹⁴⁾	3,300,000	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 100,869,360 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 40.5% 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 3,000,000 preferred shares (50%) indirectly held by the Company and 300,000 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.

Directors' Interests and Short Positions in Shares *(continued)*

Save as mentioned above, at 30 June 2007, 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 2007, 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. <i>(Note 1, 2)</i>	Interests of controlled corporations	197,516,320	58.1%
Pad Inc <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4%
Lapford Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4%
Kansas Holdings Limited <i>(Note 1)</i>	Interests of controlled corporations	96,646,960	28.4%
Kansas Holdings Limited <i>(Note 2)</i>	Beneficial owner	100,869,360	29.7%
Goodland Limited <i>(Note 1)</i>	Beneficial owner	96,646,960	28.4%

Notes:

- (1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.
- (2) Ocean Inc had deemed interests in the same 100,869,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 30 June 2007, 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, 21 September 2007



Review Report to the Board of Directors of Keck Seng Investments (Hong Kong) Limited

Introduction

We have reviewed the interim financial report set out on pages 2 to 16 which comprises the consolidated balance sheet of Keck Seng Investments (Hong Kong) Limited as of 30 June 2007 and the related consolidated income statement, and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months 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 2007 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, 21 September 2007