

Interim Report  
**2008**



**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 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

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

## INTERIM RESULTS

The Directors of Keck Seng Investments (Hong Kong) Limited (the “Company”) are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”), and associated companies for the six months ended 30 June 2008. These results have been reviewed by the Company’s auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee of the Board of Directors. The review report of the auditors is included on page 10.

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

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

## OPERATIONS REVIEW

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

### Macau

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

### Vietnam

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

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

## PRC

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

## Canada

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

## FINANCIAL REVIEW

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

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

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

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

## PLEDGE OF ASSETS

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

## **CONTINGENT LIABILITIES**

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

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

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

At 30 June 2008, the Directors did not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantees as their fair values cannot be reliably measured and they were issued many years ago and their transaction price was HK\$Nil.

## **PROSPECTS**

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

For the full year of 2008, Macau is expected to report a healthy double-digit increase in GDP. Crises in the US financial and property market impacts Macau both in terms of sentiments and investment flow into Macau. The visa restrictions imposed by the Chinese authorities will curb the increase in visitor arrivals from China, which will negatively affect the economy, in particular the gaming sector, in the second half of the year. In the short run, the property market will enter a period of adjustment, following significant increases in property values in the past three years. The fundamental strength of the economy remains intact, supported by high levels of investment in fixed capital assets, and extremely low unemployment levels. The Group's property portfolio in Macau is well positioned and will continue to benefit from the growth of the economy.

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

## PERSONNEL

At 30 June 2008, the Group has approximately 1,701 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

## CORPORATE GOVERNANCE

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

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

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

## SECURITIES TRANSACTIONS BY DIRECTORS

The Board of Directors of the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules of The Stock Exchange of Hong Kong Limited. The Company has made specific enquiries of all Directors who have confirmed compliance with the required standards set out in the Model Code during the period under review.

## AUDIT COMMITTEE

The Audit Committee of the Board of Directors presently comprises three independent non-executive directors. The Audit Committee meets with the Group's senior management, internal and external auditors regularly to review the effectiveness of the internal control system and the interim and annual reports, including the Group's unaudited consolidated financial statements for the six months ended 30 June 2008.

## **REMUNERATION COMMITTEE**

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

## **MATERIAL EVENTS SINCE FINANCIAL PERIOD**

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

## **BOOK CLOSE**

The register of members will be closed from Monday, 13 October 2008 to Thursday, 16 October 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 October 2008.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2008.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2008 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 <sup>(1)</sup>	Corporate Interests	Total	% Interest	
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	48,480	197,556,320 <sup>(2)</sup>	197,604,800	58.08	
	Ho Kian Hock	480	197,556,320 <sup>(2)</sup>	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 <sup>(3)</sup>	900,000	0.26	
Lam Ho Investments Pte Ltd	Ho Kian Guan	-	32,410,774 <sup>(4)</sup>	32,410,774	99.70	
	Ho Kian Hock	-	32,410,774 <sup>(4)</sup>	32,410,774	99.70	
	Ho Kian Cheong	96,525	-	96,525	0.30	
Shun Seng International Ltd	Ho Kian Guan	-	83,052 <sup>(5)</sup>	83,052	83.05	
	Ho Kian Hock	-	83,052 <sup>(5)</sup>	83,052	83.05	
	Ho Kian Cheong	1,948	-	1,948	1.95	
Hubei Qing Chuan Hotel Co Ltd	Ho Kian Guan	-	13,163,880 <sup>(6)</sup>	13,163,880	80.76	
	Ho Kian Hock	-	13,163,880 <sup>(6)</sup>	13,163,880	80.76	
	- paid in registered capital in US\$	Ho Kian Cheong	1,017,120	-	1,017,120	6.24
		Kwok Chi Shun Arthur	-	489,000 <sup>(7)</sup>	489,000	3.00
Golden Crown Development Ltd - common shares	Ho Kian Guan	-	56,675,000 <sup>(8)</sup>	56,675,000	80.96	
	Ho Kian Hock	-	56,675,000 <sup>(8)</sup>	56,675,000	80.96	
	Ho Kian Cheong	1,755,000	-	1,755,000	2.51	
	Tse See Fan Paul	50,000	-	50,000	0.07	
Ocean Gardens Management Co Ltd	Ho Kian Guan	-	100,000 <sup>(9)</sup>	100,000	100.00	
	Ho Kian Hock	-	100,000 <sup>(9)</sup>	100,000	100.00	
Shun Cheong International Ltd	Ho Kian Guan	-	4,305 <sup>(10)</sup>	4,305	43.05	
	Ho Kian Hock	-	4,305 <sup>(10)</sup>	4,305	43.05	
	Ho Kian Cheong	195	-	195	1.95	
	Kwok Chi Shun Arthur	-	5,500 <sup>(11)</sup>	5,500	55.00	
KSF Enterprises Sdn Bhd	Ho Kian Guan	-	10,000 <sup>(12)</sup>	10,000	100.00	
	Ho Kian Hock	-	10,000 <sup>(12)</sup>	10,000	100.00	
Chateau Ottawa Hotel Inc - common shares	Ho Kian Guan	-	4,950,000 <sup>(13)</sup>	4,950,000	55.00	
	Ho Kian Hock	-	4,950,000 <sup>(13)</sup>	4,950,000	55.00	
Chateau Ottawa Hotel Inc - preferred shares	Ho Kian Guan	-	2,475,000 <sup>(14)</sup>	2,475,000	55.00	
	Ho Kian Hock	-	2,475,000 <sup>(14)</sup>	2,475,000	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 50% 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 50% 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 50% 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 50% interest indirectly.
- (7) This represents interests held by AKA 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 50% 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 50% 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 50% 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 50% 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 50% interest indirectly.
- (14) This represents 2,250,000 preferred shares (50%) indirectly held by the Company and 225,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 50% interest indirectly.

Save as mentioned above, at 30 June 2008, 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 2008, 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 2008, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

**Ho Kian Guan**  
*Executive Chairman*

Hong Kong, 25 September 2008



## 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 11 to 24 which comprises the consolidated balance sheet of Keck Seng Investments (Hong Kong) Limited as of 30 June 2008 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 2008 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, 25 September 2008

## CONSOLIDATED INCOME STATEMENT – UNAUDITED

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

The notes on pages 15 to 24 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

		(unaudited) At 30 June 2008 HK\$'000	(audited) At 31 December 2007 HK\$'000
<b>Non-current assets</b>			
Fixed assets	8		
– Investment properties		264,900	244,480
– Other properties and fixed assets		652,450	616,652
– Interests in leasehold land held for own use under operating lease		<u>123,351</u>	<u>122,245</u>
		<b>1,040,701</b>	983,377
Properties under development		21,509	24,016
Interest in associates		144,444	133,078
Available-for-sale securities		<u>3,786</u>	<u>3,702</u>
		<u>1,210,440</u>	<u>1,144,173</u>
<b>Current assets</b>			
Trading securities		52,629	57,395
Properties held for sale		335,601	331,842
Inventories		2,785	2,446
Trade and other receivables	9	77,811	26,272
Deposit and cash		<u>1,252,000</u>	<u>1,089,415</u>
		<u>1,720,826</u>	<u>1,507,370</u>
<b>Current liabilities</b>			
Bank loans		5,000	9,749
Trade and other payables	10	201,731	151,807
Loans from associates		1,364	1,364
Loans from minority shareholders		37,232	37,232
Loan from an affiliated company		28,926	28,926
Amounts due to an affiliated company		27,460	28,562
Taxation payable		35,021	30,315
Dividend payable		<u>40,824</u>	<u>–</u>
		<u>377,558</u>	<u>287,955</u>
<b>Net current assets</b>		<u>1,343,268</u>	<u>1,219,415</u>
<b>Total assets less current liabilities</b>		<u>2,553,708</u>	<u>2,363,588</u>
<b>Non-current liabilities</b>			
Loans from minority shareholders		96,302	90,616
Deferred tax liabilities		<u>13,367</u>	<u>10,917</u>
		<u>109,669</u>	<u>101,533</u>
<b>NET ASSETS</b>		<u>2,444,039</u>	<u>2,262,055</u>
<b>Capital and reserves</b>			
Share capital	11	340,200	340,200
Reserves		<u>1,700,570</u>	<u>1,563,373</u>
<b>Shareholders' equity</b>		<u>2,040,770</u>	<u>1,903,573</u>
Minority interests		<u>403,269</u>	<u>358,482</u>
<b>TOTAL EQUITY</b>		<u>2,444,039</u>	<u>2,262,055</u>

The notes on pages 15 to 24 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the six months ended 30 June 2008 – unaudited*

	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	Minority interests HK\$'000	Total HK\$'000
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>
At 1 January 2008	340,200	158,105	12,758	13,219	19,225	3,110	1,356,956	1,903,573	358,482	2,262,055
Movement during the period	-	-	-	(2,587)	2,849	84	-	346	-	346
Profit for the period	-	-	-	-	-	-	177,675	177,675	60,217	237,892
Dividends	-	-	-	-	-	-	(40,824)	(40,824)	(15,430)	(56,254)
At 30 June 2008	<u>340,200</u>	<u>158,105</u>	<u>12,758</u>	<u>10,632</u>	<u>22,074</u>	<u>3,194</u>	<u>1,493,807</u>	<u>2,040,770</u>	<u>403,269</u>	<u>2,444,039</u>

The notes on pages 15 to 24 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED**

	<b>Six months ended 30 June</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net cash generated from operating activities</b>	<b>180,801</b>	223,305
<b>Net cash used in investing activities</b>	<b>(15,895)</b>	(129,772)
<b>Net cash used in financing activities</b>	<b>(20,419)</b>	(55,923)
<b>Increase in cash and cash equivalents</b>	<b>144,487</b>	37,610
<b>Cash and cash equivalents at 1 January</b>	<b>1,073,404</b>	842,011
<b>Effect of foreign exchanges rate changes</b>	<b>34,109</b>	37,044
<b>Cash and cash equivalents at 30 June</b>	<b><u>1,252,000</u></b>	<u>916,665</u>

The notes on pages 15 to 24 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 25 September 2008.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

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

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagement 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 10.



**1. Significant accounting policies** *(continued)*

**Basis of preparation** *(continued)*

The financial information relating to the financial year ended 31 December 2007 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 2007 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 2008.

**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.

2. **Segmental information** (continued)

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

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

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

2. Segmental information (continued)

	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*	33,479	6,187	53,128	(247)	38,886	131,433
Increase in fair value of investment properties	19,753	–	–	–	–	19,753
Finance costs	(96)	(450)	–	–	(143)	(689)
Share of profits less losses of associates	(2)	–	4,783	5,147	–	9,928
Profit before taxation						160,425
Income tax						<u>(2,816)</u>
Profit for the period						<u>157,609</u>
Profit attributable to equity shareholders						<u>127,131</u>
Minority interests						<u>30,478</u>
Depreciation of fixed assets	2,379	5,684	39,918	–	88	48,069

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

**2. Segmental information** *(continued)*

The principal activities of the Group are property investment and development, hotel and club operations and the provision of management services.

Turnover represents the proceeds from the sale of properties, rental income, income from hotel and club operations and the provision of management services. The amount of each significant category of revenue recognised in turnover for the six months ended 30 June 2008 is as follows:-

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

*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**

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

**(b) Other net income**

Exchange gain	<b>46,472</b>	51,476
Net realised and unrealised losses on trading securities	<b>(4,766)</b>	(424)
Loss on disposal of fixed assets	<b>–</b>	(6,973)
	<b>41,706</b>	44,079

**4. Profit before taxation**

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

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

**5. Income tax**

Taxation in the consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	----- 0	----- 0
<b>Current tax – Overseas</b>		
Provision for the period	<b>15,955</b>	4,480
Over-provision in respect of prior periods ( <i>note (ii)</i> )	<b>(5,483)</b>	(3,472)
	<u>-----</u> <b>10,472</b>	<u>-----</u> 1,008
<b>Deferred tax</b>		
Change in value of investment properties	<b>2,450</b>	2,370
Origination and reversal of temporary differences	-	1,043
Future benefit of tax losses recognised	-	(1,605)
	<u>-----</u> <b>2,450</b>	<u>-----</u> 1,808
<b>Income tax</b>	<u>-----</u> <b>12,922</b>	<u>-----</u> 2,816

Notes:

- (i) The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.  
  
Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (ii) Over-provision of tax of HK\$5,483,000 (2007: HK\$3,472,000) represented Macau complementary tax made in prior years.
- (iii) Share of associates' tax for the six months ended 30 June 2008 of HK\$5,941,000 (2007: HK\$3,057,000) is included in the share of profits less losses of associates.

**6. Dividends**

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

**7. Basic earnings per share**

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

There is no potential ordinary share for both periods.

**8. Fixed assets**

Investment properties carried at fair value were revalued at 30 June 2008 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 2008, a revaluation gain of HK\$20,420,000 (2007: HK\$19,753,000), and corresponding deferred tax thereon of HK\$2,450,000 (2007: HK\$2,370,000), have been included in the consolidated income statement.

As at 30 June 2008, certain properties held for sale with aggregate carrying value of HK\$99,350,000 (31 December 2007: HK\$98,510,000) were mortgaged to various banks to secure banking facilities granted to the Group.

**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:

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

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

**10. Trade and other payables**

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

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

## 11. 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 2008 and 30 June 2008	340,200,000	340,200

### (b) Reserves

Details of the movements in reserves of the Group during the six months ended 30 June 2007 and 30 June 2008 are set out in the consolidated statement of changes in equity.

## 12. Commitments

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

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

## 13. Contingent liabilities

- (a) At 30 June 2008, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties held for sale amounting to HK\$8,252,000 (31 December 2007: HK\$8,252,000).
- (b) At 30 June 2008, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK\$79,810,000 (31 December 2007: HK\$82,589,000).
- (c) At 30 June 2008, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$38,630,000 (CA\$5,000,000) (31 December 2007: HK\$39,975,000 (CA\$5,000,000)).
- (d) At 30 June 2008, the Directors did not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferred income in respect of any of the above guarantees as their fair values cannot be reliably measured and they were issued many years ago and their transaction price was HK\$Nil.



#### 14. 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 2008, 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 2008:
  - (i) Loan from Goodland amounting to HK\$28,926,000 at 30 June 2008 (31 December 2007: HK\$28,926,000), which are unsecured, interest-free and payable on demand.
  - (ii) Amounts due to Goodland of HK\$27,460,000 at 30 June 2008 (31 December 2007: HK\$28,562,000) comprise of:
    - interest bearing accounts with certain subsidiaries of the Company amounting to HK\$3,397,000 at 30 June 2008 (31 December 2007: HK\$5,531,000). Interest payable by the subsidiaries amounted to HK\$56,000 (2007: HK\$66,000) for the six months ended 30 June 2008.
    - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$24,063,000 at 30 June 2008 (31 December 2007: HK\$23,031,000).
  - (iii) Loans from minority shareholders classified under non-current liabilities at 30 June 2008 include amounts due to Goodland of HK\$55,014,000 (31 December 2007: HK\$55,840,000) in nominal value (before the effect of discounting in the amount of HK\$5,675,000 (31 December 2007: HK\$7,109,000)), 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\$372,000 for the six months ended 30 June 2008 (2007: HK\$338,000).
  - (v) Certain subsidiaries of the Company paid management fees to Goodland amounting to HK\$1,602,000 (2007: HK\$1,602,000) for the six months ended 30 June 2008.

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

- (b) During the period ended 30 June 2008, certain subsidiaries of the Company had the following transactions, which were on the normal commercial terms with Mr Ho Kian Cheong ("KC Ho"), a non-executive director and a substantial shareholder of the Company as at 30 June 2008:
  - (i) Amounts due to KC Ho represented non-interest bearing accounts with certain subsidiaries amounting to HK\$4,078,000 (31 December 2007: HK\$4,281,000).
  - (ii) Loans from KC Ho representing an interest-free loan to a subsidiary made by KC Ho amounting to HK\$7,007,000 (31 December 2007: HK\$7,007,000), which is unsecured and payable on demand.
  - (iii) Loans from minority shareholders classified under non-current liabilities at 30 June 2008 include amounts due to KC Ho of HK\$13,326,000 (31 December 2007: HK\$13,526,000) in nominal value (before the effect of discounting in the amount of HK\$1,375,000 (31 December 2007: HK\$1,722,000)), which are unsecured, non-interest bearing and repayable on 30 April 2010.