



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

*Stock Code : 0184*

**INTERIM REPORT 2016 INTERIM REPORT 2016**



## CORPORATE INFORMATION

### DIRECTORS

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

\* *Non-executive Director*  
 \*\* *Independent Non-executive Director*

### AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*  
 KWOK Chi Shun Arthur  
 WANG Poey Foon Angela  
 YU Hon To David

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*  
 CHAN Yau Hing Robin  
 WANG Poey Foon Angela  
 YU Hon To David  
 TSE See Fan Paul  
 HO Chung Tao

### AUDITORS

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

### SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited  
 Level 22, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

### COMPANY SECRETARY

NG Sing Beng

### REGISTERED OFFICE

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

### COMPANY'S WEBSITE

[www.keckseng.com.hk](http://www.keckseng.com.hk)

## INTERIM RESULTS

The board of directors (the "Board") of Keck Seng Investments (Hong Kong) Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2016 was HK\$81,574,000 (HK\$0.240 per share), compared to HK\$129,993,000 (HK\$0.382 per share) for the first six months of 2015.

The Board has declared an interim dividend of HK\$0.03 (2015: HK\$0.03) per share for 2016 payable on Friday, 21 October 2016, to equity shareholders whose names appear on the register of members of the Company on Friday, 7 October 2016.

## REVIEW OF OPERATIONS

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

A summary and analysis of the operations are as follows:

### Macau

During the first half of 2016, revenue from Macau operations decreased slightly to HK\$53.1 million, as compared to HK\$53.3 million in the first half of 2015, a decrease of 0.4%. The decrease came about mostly as a result of reduction in rental income arising from lower rental rates. Occupancy rates, however, have remained high and there was take up of commercial space. There were no sales of properties during the first six months of 2016.

Tourist arrivals and turnover of the gaming industry appeared to have stabilized in the first half of 2016. It is expected that there will be two to three luxurious hotels being completed in Cotai of Macau in the second half of 2016.

According to the latest data released by Macau Government, total transaction volume increased 1.37 times from previous quarter to 2,679 residential units in the second quarter of 2016. The average transaction price of second-hand residential units rose by 7% up to MOP75,127 per square meter (net) as compared to the first quarter of 2016.

After reviewing the property market conditions and the state of the Macau economy, directors considered that the properties held for sale were to be disposed of at an opportune moment in order to maximize value for the Group. The property market was expected to improve after the current period of adjustment in the market. Over the longer term, capital values of properties in Macau will be further enhanced after the completion of the Hong Kong-Zhuhai-Macau Bridge and the Macau light-rail transit line, with one of the stations immediately adjacent to Ocean Gardens, the Group's premier development. In the short term, the Group will therefore continue to maximize revenue by leasing out the properties held for sale.

## **Vietnam**

Vietnam's economy expanded an estimated 5.55% year-on-year in the second quarter of 2016, compared to 5.48% growth in the first quarter and lower than 6.47% in the same quarter last year. The economy is still heavily dependent on manufacturing and agricultural sectors as the main drivers of economic growth. With impending visits by President of China and President of US respectively, we foresee that Vietnam shall continue to be an attractive destination for investors.

During the first six months of 2016, the Group's revenue from Vietnam increased to HK\$339.5 million, as compared to HK\$339.0 million in the first half of 2015, an increase of 0.1%.

### ***Sheraton Saigon Hotel and Towers***

For the first half of 2016, average room rate was at US\$162 per room night, as compared to US\$176 per room night during the first six months of 2015. Occupancy rate has increased to 69.0% during the first half of 2016, as compared to 66.7% for the first half of 2015.

### ***Caravelle Hotel***

For the first half of 2016, average room rate was at US\$127 per room night, as compared to US\$143 per room night during the first six months of 2015. Occupancy rate has increased to 56.5% during the first half of 2016, as compared to 51.4% for the first half of 2015.

## **The United States ("US")**

The U.S. economy grew less than expected in the second quarter of 2016. Gross domestic product in the second quarter of 2016 grew at an annual rate of 1.23% as compared to 1.57% annual growth rate in the first quarter of 2016. However, as reported by the U.S. Bureau of Economic Analysis, Consumer Spending in the United States increased to US\$11,482 billion in the second quarter of 2016 from US\$11,365 billion in the first quarter of 2016. Consumer Spending in the United States averaged US\$5,221 billion from 1950 until 2016, reaching a record high (an all time high of US\$11,482 billion) in the second quarter of 2016.

### ***W San Francisco***

For the first half of 2016, average room rate was at US\$365 per room night, as compared to US\$342 per room night during the first six months of 2015. Occupancy rate has dropped to 89.2% during the first half of 2016, as compared to 91.2% for the first half of 2015.

### ***Sofitel New York***

For the first half of 2016, average room rate was at US\$325 per room night, as compared to US\$346 per room night during the first six months of 2015. Occupancy rate has increased to 86.5% during the first half of 2016, as compared to 84.5% for the first half of 2015. According to Hotels.com, Sofitel New York has been ranked third in a poll of Best Luxury Hotels in the World in 2016.

## **The People's Republic of China**

The Chinese economy was undergoing a period of consolidation. The GDP of first quarter in 2016 grew by 6.7%, as compared to annual growth rate of 6.9% in 2015.

### ***Holiday Inn Wuhan Riverside***

During the first half of 2016, the room revenue of the hotel increased to RMB16.2 million as compared to RMB14.7 million in the first half of 2015. However, the food and beverage revenue of the hotel has dropped to RMB9.3 million from RMB9.9 million in the first half of 2015.

For the first half of 2016, average room rate was at RMB406 per room night, as compared to RMB413 per room night during the first six months of 2015. Occupancy rate has increased to 71.9% during the first half of 2016, as compared to 64.8% for the first half of 2015.

## Canada

The Canadian economy expanded by 1.1% year-on-year in the first quarter of 2016, following a 0.3% growth in the previous period of the fourth quarter in 2015.

### *Sheraton Ottawa Hotel*

For the first half of 2016, average room rate was at C\$183 per room night, as compared to C\$174 per room night during the first six months of 2015. Occupancy rate has increased slightly to 77.8% during the first half of 2016, as compared to 77.7% for the first half of 2015.

### *International Plaza Hotel*

For the first half of 2016, average room rate was at C\$103 per room night, as compared to C\$94 per room night during the first six months of 2015. Occupancy rate has increased to 75.8% during the first half of 2016, as compared to 71.6% for the first half of 2015.

## Japan

The GDP of first quarter in 2016 grew by 0.02%, as compared to 0.54% for the full year of 2015.

### *Best Western Hotel Fino Osaka Shinsaibashi*

For the first half of 2016, average room rate was at JPY12,572 per room night, as compared to JPY11,019 per room night during the first six months of 2015. Occupancy rate has increased to 92.2% during the first half of 2016, as compared to 88.9% for the first half of 2015.

## Other net losses

Other net losses were at an amount of HK\$14.6 million, as compared to a net gain of HK\$2.9 million in the first half of 2015. It was mainly attributable to a net exchange loss for the first half of 2016 which amounted to HK\$15.9 million, as compared to a net exchange gain of HK\$2.9 million in the first half of 2015.

## FINANCIAL REVIEW

The Group's revenue was HK\$957 million for the first six months of 2016, an increase of 0.7% as compared to the corresponding period in 2015. The increase was primarily attributable to the improvement in hotel operations situation in Canada and Japan.

Revenue from hotel and club operations amounted to HK\$904 million, an increase of 0.8% as compared to HK\$896 million in the corresponding period in 2015. The increase was primarily attributable to the improvement in the Sheraton Ottawa Hotel in Canada and also the improvement in Best Western Hotel Fino Osaka Shinsaibashi in Japan. The Group's operating profit was HK\$172 million for the period ended 30 June 2016, as compared to HK\$193 million for the corresponding period in 2015. Profit attributable to equity shareholders was HK\$82 million as compared to HK\$130 million in the first half year of 2015.

## PLEDGE OF ASSETS

At 30 June 2016, hotel properties and properties held for sale with an aggregate value of HK\$2,786 million (31 December 2015: HK\$2,840 million) and bank deposits of HK\$48 million (31 December 2015: HK\$38 million) were mortgaged to banks to secure bank loans and banking facilities granted to the Group.

## CONTINGENT LIABILITIES

- (a) At 30 June 2016, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2015: HK\$8,252,000).
- (b) At 30 June 2016, guarantees of HK\$29,990,000 (C\$5,000,000) (31 December 2015: HK\$27,935,000 (C\$5,000,000)) were given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 30 June 2016, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

## PROSPECTS

Uncertainties surrounding the world economy and global financial markets continue to cast a long shadow over the prospect of economic growth. The relative strength of the US economy inspires little confidence against the background of continuing conundrum surrounding European economies, the weak Japanese economic recovery, as well as the systemic risks inherent in the Chinese economy. A critical question continuing to confront all major economies is the lack of willingness on the part of its business enterprises to invest in property, plant and equipment on a long-term basis to generate growth and employment. By now, it is clear that the prolonged quantitative easing by almost all central banks have lent varying degrees of strength to financial markets but have done little to generate investments in the real economy.

Against this background, the Group will continue to view its prospects with caution and will remain conservative in sourcing and selecting new investments. The objective continues to be the creation of long-term and sustainable value for shareholders in markets and products in which the Group has experience.

## PERSONNEL AND RETIREMENT SCHEMES

At 30 June 2016, the Group had approximately 2,226 employees. A policy of localising 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 experiences being available. Salary and remuneration are competitive and are based on varying conditions in different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

## CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles, code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has complied with the principles set out in the CG Code during the period from 1 January to 30 June 2016, save and except for the deviations as explained below.

1. Code Provision A.2.1, as the role of chairman and chief executive officer of the Company is not segregated;
2. Code Provision A.4.1, as the non-executive directors are not appointed for a specific term;
3. Code Provision D.1.2, as the Company did not formalize functions reserved to the Board and those delegated to management and did not conduct review periodically;
4. Code Provision D.1.3, as the Company did not disclose the respective responsibilities, accountabilities and contributions of the Board and management;
5. Code Provision D.1.4, as the Company did not have formal letters of appointment for directors setting out the key terms and conditions of their appointment; and
6. Code Provision E.1.4, as the Board did not establish a shareholders' communication policy and review it on a regular basis.



Pursuant to Code Provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company has 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, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the Non-executive Directors of the Company were not appointed for a specific term, all Directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a Director will not exceed three years.

Pursuant to Code Provisions D.1.2, D.1.3 and D.1.4, the Company should formalise functions reserved to the board and those delegated to management and should conduct review periodically. The Company should disclose the respective responsibilities, accountabilities and contributions of the board and management. The Company should also have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As the Executive Directors have been closely involved in the day-to-day management of the Company and its major subsidiaries, the Company considers that it is not necessary at this time to have a distinction between the respective responsibilities, accountabilities and contributions of the Board and management. The Company is now planning to have formal letters of appointment for Directors.

Under Code Provision E.1.4, the board should establish a shareholders' communication policy and review it on a regular basis. The Company is now planning to set up the relevant policy in order to comply with the Code.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

## **AUDIT COMMITTEE**

The Audit Committee presently comprises four Independent Non-executive Directors. The Audit Committee meets with the Group's senior management and internal 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 2016.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Remuneration Committee.

## NOMINATION COMMITTEE

The Nomination Committee comprises six members, four of whom are Independent Non-executive Directors. The Committee gives recommendations to the Directors as to the recruitment of Directors. In compliance with Listing Rules, an Independent Non-executive Director currently chairs the Remuneration Committee.

## BOOK CLOSE

The register of members will be closed from Wednesday, 5 October 2016 to Friday, 7 October 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 October 2016.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 2016.

## CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

Change in director's biographical details up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Name of director	Details of change
Mr YU Hon To David	Resigned as an independent non-executive director of Great China Holdings Limited, a listed company of the Hong Kong Stock Exchange, with effect from 13 July 2016.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2016 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	394,480	197,556,320 <sup>(2)</sup>	197,950,800	58.19
	Ho Kian Hock	20,480	197,556,320 <sup>(2)</sup>	197,576,800	58.08
	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
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
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 – paid in registered capital in US\$	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
	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 – ordinary shares	Ho Kian Guan	–	9,010,000 <sup>(12)</sup>	9,010,000	100.00
	Ho Kian Hock	–	9,010,000 <sup>(12)</sup>	9,010,000	100.00
KSF Enterprises Sdn Bhd – preferred shares	Ho Kian Guan	–	24,000,000 <sup>(13)</sup>	24,000,000	100.00
	Ho Kian Hock	–	24,000,000 <sup>(13)</sup>	24,000,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000 <sup>(14)</sup>	4,950,000	55.00
	Ho Kian Hock	–	4,950,000 <sup>(14)</sup>	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	1,485,000 <sup>(15)</sup>	1,485,000	55.00
	Ho Kian Hock	–	1,485,000 <sup>(15)</sup>	1,485,000	55.00

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

Notes:

- (1) This represents interests held by the relevant directors as beneficial owners.
- (2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/3 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 1/3 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 1/3 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 1/3 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 1/3 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 1/3 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 1/3 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,252,500 ordinary shares (25%) directly held by the Company, 2,252,499 ordinary shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 4,505,001 ordinary shares (50%) 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 6,000,000 preferred shares (25%) directly held by the Company, 6,000,000 preferred shares (25%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly and 12,000,000 preferred shares (50%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.
- (14) 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 1/3 interest indirectly.
- (15) This represents 1,350,000 preferred shares (50%) indirectly held by the Company and 135,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/3 interest indirectly.

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

Save as mentioned above, at 30 June 2016, 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 2016, 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:*

<b>Name</b>	<b>Capacity in which shares were held</b>	<b>Number of ordinary shares held</b>	<b>% of total issued share capital of the Company</b>
Ocean Inc. <i>(Note 1, 2)</i>	Interests of controlled corporations	197,556,320	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	100,909,360	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 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 30 June 2016, 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, 26 August 2016



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

*(Incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 14 to 32 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") as of 30 June 2016 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 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

26 August 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***for the six months ended 30 June 2016 – unaudited*

	Note	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	3	<b>957,130</b>	950,466
Cost of sales		<b>(90,682)</b>	(87,395)
		<b>866,448</b>	863,071
Other revenue	4(a)	<b>14,115</b>	14,730
Other net (losses)/gains	4(b)	<b>(14,567)</b>	2,871
Direct costs and operating expenses		<b>(373,465)</b>	(362,398)
Marketing and selling expenses		<b>(44,887)</b>	(51,084)
Depreciation of property, plant and equipment		<b>(66,523)</b>	(66,386)
Administrative and other operating expenses		<b>(209,270)</b>	(208,039)
<b>Operating profit</b>		<b>171,851</b>	192,765
(Decrease)/increase in fair value of investment properties	8	<b>(14,000)</b>	49,000
		<b>157,851</b>	241,765
Finance costs	5(a)	<b>(16,522)</b>	(16,093)
Share of profits less losses of associates		<b>5,632</b>	5,331
<b>Profit before taxation</b>	5	<b>146,961</b>	231,003
Income tax	6	<b>(28,274)</b>	(40,981)
<b>Profit for the period</b>		<b>118,687</b>	190,022
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>81,574</b>	129,993
Non-controlling interests		<b>37,113</b>	60,029
<b>Profit for the period</b>		<b>118,687</b>	190,022
<b>Earnings per share, basic and diluted (cents)</b>	7	<b>24.0</b>	38.2

Details of dividends payable to equity shareholders of the Company are set out in note 14(a). The notes on pages 20 to 32 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016 – unaudited

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<b>118,687</b>	190,022
<hr style="border-top: 1px dashed black;"/>		
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	<b>20,350</b>	(25,643)
Available-for-sale securities:		
– changes in fair value recognised during the period	<b>323</b>	(599)
<b>Other comprehensive income for the period</b>	<b>20,673</b>	(26,242)
<hr style="border-top: 1px dashed black;"/>		
<b>Total comprehensive income for the period</b>	<b>139,360</b>	163,780
<hr/>		
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>100,414</b>	110,629
Non-controlling interests	<b>38,946</b>	53,151
<b>Total comprehensive income for the period</b>	<b>139,360</b>	163,780
<hr/>		

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

The notes on pages 20 to 32 form part of this interim financial report.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2016 – unaudited*

	Note	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
<b>Non-current assets</b>			
Investment properties	8	<b>764,000</b>	778,000
Property, plant and equipment		<b>2,530,408</b>	2,553,321
Land		<b>838,290</b>	831,425
		<b>4,132,698</b>	4,162,746
Interest in associates		<b>133,227</b>	148,588
Derivative financial assets		<b>6,266</b>	5,918
Available-for-sale securities		<b>4,042</b>	3,719
Deferred tax assets		<b>6,167</b>	5,571
		<b>4,282,400</b>	4,326,542
<b>Current assets</b>			
Trading securities		<b>9,389</b>	8,053
Properties held for sale		<b>280,658</b>	280,658
Inventories		<b>5,635</b>	6,422
Trade and other receivables	9	<b>91,388</b>	92,606
Pledged deposits		<b>48,044</b>	38,119
Deposits and cash	10	<b>1,830,416</b>	1,790,706
Taxation recoverable		<b>6,850</b>	6,818
		<b>2,272,380</b>	2,223,382
<b>Current liabilities</b>			
Bank loans, secured	11	<b>94,810</b>	91,493
Trade and other payables	12	<b>303,678</b>	317,226
Loan from an associate		<b>464</b>	464
Loans from non-controlling shareholders	13	<b>30,793</b>	30,760
Taxation payable		<b>21,131</b>	26,137
		<b>450,876</b>	466,080

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**at 30 June 2016 – unaudited*

	Note	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
<b>Net current assets</b>		<b>1,821,504</b>	1,757,302
<b>Total assets less current liabilities</b>		<b>6,103,904</b>	6,083,844
<b>Non-current liabilities</b>			
Bank loans, secured	11	<b>1,705,609</b>	1,739,005
Deferred revenue		<b>7,035</b>	7,297
Loans from non-controlling shareholders	13	<b>83,498</b>	80,903
Derivative financial liabilities		<b>4,939</b>	1,409
Deferred tax liabilities		<b>146,394</b>	149,790
		<b>1,947,475</b>	1,978,404
<b>NET ASSETS</b>		<b>4,156,429</b>	4,105,440
<b>CAPITAL AND RESERVES</b>	14		
Share capital		<b>498,305</b>	498,305
Reserves		<b>3,007,064</b>	2,947,474
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,505,369</b>	3,445,779
Non-controlling interests		<b>651,060</b>	659,661
<b>TOTAL EQUITY</b>		<b>4,156,429</b>	4,105,440

The notes on pages 20 to 32 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***for the six months ended 30 June 2016 – unaudited*

	Attributable to equity shareholders of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Legal reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000			
<b>At 1 January 2016</b>	<b>498,305</b>	<b>12,758</b>	<b>11,044</b>	<b>3,128</b>	<b>-</b>	<b>2,920,544</b>	<b>3,445,779</b>	<b>659,661</b>	<b>4,105,440</b>	
Profit for the period	-	-	-	-	-	81,574	81,574	37,113	118,687	
Other comprehensive income	-	-	18,517	323	-	-	18,840	1,833	20,673	
Total comprehensive income for the period	-	-	18,517	323	-	81,574	100,414	38,946	139,360	
Dividends approved in respect of the previous year (note 14(a))	-	-	-	-	-	(40,824)	(40,824)	-	(40,824)	
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(47,547)	(47,547)	
<b>At 30 June 2016</b>	<b>498,305</b>	<b>12,758</b>	<b>29,561</b>	<b>3,451</b>	<b>-</b>	<b>2,961,294</b>	<b>3,505,369</b>	<b>651,060</b>	<b>4,156,429</b>	
<b>At 1 January 2015</b>	<b>498,305</b>	<b>12,758</b>	<b>33,818</b>	<b>3,964</b>	<b>3,807</b>	<b>2,742,602</b>	<b>3,295,254</b>	<b>634,312</b>	<b>3,929,566</b>	
Profit for the period	-	-	-	-	-	129,993	129,993	60,029	190,022	
Other comprehensive income	-	-	(18,765)	(599)	-	-	(19,364)	(6,878)	(26,242)	
Total comprehensive income for the period	-	-	(18,765)	(599)	-	129,993	110,629	53,151	163,780	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	26,996	26,996	
Dividends approved in respect of the previous year (note 14(a))	-	-	-	-	-	(40,824)	(40,824)	-	(40,824)	
Dividends paid by the subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(59,698)	(59,698)	
Others	-	-	-	-	(3,807)	-	(3,807)	-	(3,807)	
<b>At 30 June 2015</b>	<b>498,305</b>	<b>12,758</b>	<b>15,053</b>	<b>3,365</b>	<b>-</b>	<b>2,831,771</b>	<b>3,361,252</b>	<b>654,761</b>	<b>4,016,013</b>	

The notes on pages 20 to 32 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***for the six months ended 30 June 2016 – unaudited*

	Note	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
<b>Operating activities</b>			
Cash generated from operations		<b>199,520</b>	223,842
Overseas tax paid		<b>(18,542)</b>	(27,179)
<b>Net cash generated from operating activities</b>		<b>180,978</b>	196,663
<b>Investing activities</b>			
(Increase)/decrease in pledged deposits		<b>(9,925)</b>	109,617
Increase in bank deposits with original maturity more than three months		<b>(2,684)</b>	(420,462)
Other cash flows arising from investing activities		<b>(3,831)</b>	20,287
<b>Net cash used in investing activities</b>		<b>(16,440)</b>	(290,558)
<b>Financing activities</b>			
Dividends paid to equity shareholders of the Company		<b>(40,824)</b>	(40,824)
Repayment of bank loans		<b>(37,032)</b>	(46,582)
Dividends paid to non-controlling shareholders		<b>(47,547)</b>	(59,698)
Other cash flows arising from financing activities		<b>(16,531)</b>	(1,551)
<b>Net cash used in financing activities</b>		<b>(141,934)</b>	(148,655)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>22,604</b>	(242,550)
<b>Cash and cash equivalents at 1 January</b>	10	<b>1,761,410</b>	1,440,027
<b>Effect of foreign exchange rate changes</b>		<b>14,422</b>	(1,894)
<b>Cash and cash equivalents at 30 June</b>	10	<b>1,798,436</b>	1,195,583

The notes on pages 20 to 32 form part of this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issued on 26 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 13.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## 2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. These revised HKFRSs have no material impact on the interim report of the Group for the period ended 30 June 2016 and 2015 respectively. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

### (a) *Segment results, assets and liabilities*

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

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

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

Segment liabilities include all trade and other payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

## 3 Segment reporting (continued)

## (b) Analysis of segment results of the Group

	External revenue HK\$'000	Inter- segment revenue HK\$'000	Total revenue HK\$'000	Depreciation of property, plant and equipment HK\$'000	Finance costs HK\$'000	Share of profits less losses of associates HK\$'000	Income tax HK\$'000	Contribution to profit HK\$'000
<b>For the six months ended 30 June 2016</b>								
Hotel	903,460	-	903,460	(64,003)	(16,455)	5,632	(26,143)	113,566
- Vietnam	339,498	-	339,498	(13,611)	-	5,034	(16,705)	75,363
- United States	457,219	-	457,219	(39,553)	(13,621)	-	(3,487)	22,789
- The People's Republic of China	33,392	-	33,392	(6,231)	(2,460)	-	-	(1,961)
- Canada	46,099	-	46,099	(2,869)	(374)	598	(2,242)	6,803
- Japan	27,252	-	27,252	(1,739)	-	-	(3,709)	10,572
Property								
- Macau <sup>#</sup>	52,314	802	53,116	(2,477)	(8)	-	(2,116)	11,701
Investment and corporate	1,356	-	1,356	(43)	(59)	-	(15)	(6,580)
Inter-segment elimination	-	(802)	(802)	-	-	-	-	-
<b>Total</b>	<b>957,130</b>	<b>-</b>	<b>957,130</b>	<b>(66,523)</b>	<b>(16,522)</b>	<b>5,632</b>	<b>(28,274)</b>	<b>118,687</b>
<b>For the six months ended 30 June 2015</b>								
Hotel	896,055	-	896,055	(63,905)	(15,977)	5,331	(24,874)	119,700
- Vietnam	339,036	-	339,036	(12,956)	-	6,287	(19,996)	78,353
- United States	456,633	-	456,633	(38,730)	(14,762)	-	(8,213)	25,390
- The People's Republic of China	33,651	-	33,651	(7,315)	(778)	-	-	(1,493)
- Canada	45,419	-	45,419	(3,052)	(437)	(956)	4,520	9,738
- Japan	21,316	-	21,316	(1,852)	-	-	(1,185)	7,712
Property								
- Macau <sup>#</sup>	53,083	244	53,327	(2,436)	(22)	-	(16,092)	68,977
Investment and corporate	1,328	-	1,328	(45)	(94)	-	(15)	1,345
Inter-segment elimination	-	(244)	(244)	-	-	-	-	-
<b>Total</b>	<b>950,466</b>	<b>-</b>	<b>950,466</b>	<b>(66,386)</b>	<b>(16,093)</b>	<b>5,331</b>	<b>(40,981)</b>	<b>190,022</b>

<sup>#</sup> External revenue from property segment in Macau includes rental income from investment properties of HK\$14,993,000 (2015: HK\$12,041,000), rental income from properties held for sale of HK\$29,834,000 (2015: HK\$32,639,000) and club operations and others of HK\$7,487,000 (2015: HK\$8,403,000).

### 3 Segment reporting (continued)

#### (c) Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
<b>At 30 June 2016</b>				
Hotel				
– Vietnam	388,309	101,426	489,735	9,763
– United States	2,881,063	–	2,881,063	13,943
– The People's Republic of China	215,143	–	215,143	1,329
– Canada	123,377	27,664	151,041	1,518
– Japan	124,663	–	124,663	–
Property				
– Macau	1,664,274	–	1,664,274	540
Investment and corporate	1,024,724	4,137	1,028,861	9
<b>Total</b>	<b>6,421,553</b>	<b>133,227</b>	<b>6,554,780</b>	<b>27,102</b>
<b>At 31 December 2015</b>				
Hotel				
– Vietnam	415,032	119,178	534,210	10,731
– United States	2,906,503	–	2,906,503	37,413
– The People's Republic of China	217,841	–	217,841	876
– Canada	111,794	25,278	137,072	1,180
– Japan	109,414	–	109,414	114
Property				
– Macau	1,781,520	–	1,781,520	537
Investment and corporate	859,232	4,132	863,364	–
<b>Total</b>	<b>6,401,336</b>	<b>148,588</b>	<b>6,549,924</b>	<b>50,851</b>

Investment and corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the Group treasury function.



## 3 Segment reporting (continued)

## (d) Analysis of total liabilities of the Group

	Segment liabilities HK\$'000	Bank borrowings HK\$'000	Total liabilities HK\$'000
<b>At 30 June 2016</b>			
Hotel			
– Vietnam	103,162	–	103,162
– United States	167,014	1,750,935	1,917,949
– The People's Republic of China	96,693	–	96,693
– Canada	9,657	28,865	38,522
– Japan	2,661	–	2,661
Property			
– Macau	154,998	–	154,998
Investment and corporate	63,747	20,619	84,366
<b>Total</b>	<b>597,932</b>	<b>1,800,419</b>	<b>2,398,351</b>
<b>At 31 December 2015</b>			
Hotel			
– Vietnam	109,256	–	109,256
– United States	167,675	1,785,288	1,952,963
– The People's Republic of China	94,683	–	94,683
– Canada	10,917	27,711	38,628
– Japan	8,451	–	8,451
Property			
– Macau	156,130	–	156,130
Investment and corporate	66,874	17,499	84,373
<b>Total</b>	<b>613,986</b>	<b>1,830,498</b>	<b>2,444,484</b>

## 4 Other revenue and net (losses)/gains

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
<b>(a) Other revenue</b>		
Interest income from bank deposits	10,595	9,876
Dividend income from listed available-for-sale and trading securities	278	263
Other revenue from hotel and club operations	3,242	4,591
	<b>14,115</b>	14,730
<b>(b) Other net (losses)/gains</b>		
(Loss)/gain on disposal of property, plant and equipment	(20)	9
Net exchange (losses)/gains	(15,883)	2,936
Net unrealised gains/(losses) on trading securities	1,336	(74)
	<b>(14,567)</b>	2,871

## 5 Profit before taxation

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

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable within five years	14,054	15,294
Interest expenses on loans from non controlling shareholders	2,460	777
Other interest expenses	8	22
	<b>16,522</b>	16,093
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	304,491	261,678
Contributions to defined contribution retirement plans	2,372	2,207
	<b>306,863</b>	263,885
<b>(c) Other items</b>		
Cost of inventories	37,729	41,606
Rentals receivable from investment properties less direct outgoings of HK\$551,000 (2015: HK\$205,000)	(14,442)	(11,836)
Rentals receivable from properties held for sale and other rental income less direct outgoings of HK\$1,235,000 (2015: HK\$1,247,000)	(30,346)	(33,837)

## 6 Income tax

Taxation in the consolidated statement of profit or loss represents:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current tax – Overseas</b>		
Provision for the period	<b>31,778</b>	41,818
<b>Deferred taxation</b>		
Origination and reversal of other temporary differences	<b>(3,504)</b>	(837)
	<b>28,274</b>	40,981

Notes:

- (a) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income for the six months ended 30 June 2016 and 30 June 2015.
- (b) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 20% (2015: 22%) of the estimated taxable profits for the period. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation in 2002 and at a rate of 25% on taxable income thereafter. The income tax rate was reduced to 22% for 2015, and to 20% from 2016.
- (d) The applicable PRC Corporate Income Tax of the subsidiary established in the PRC is calculated at 25% (2015: 25%) of the estimated taxable profits for the period. No provision has been made for PRC Corporate Income Tax as the subsidiary sustained a loss for taxation purpose or had unutilised tax loss to set-off against taxable income for the six months ended 30 June 2016 and 30 June 2015.
- (e) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 34% (2015: 34%) and 10.01% (2015: 10.75%) respectively determined by income ranges.
- (f) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20% (2015: 20%) on all gross profit distributions from the subsidiary.
- (g) Provision for Macau, Complementary Tax is calculated at 12% (2015: 12%) of the estimated assessable profits for the six months ended 30 June 2016. Macau Property Tax is calculated at 10% (2015: 10%) of the assessable rental income in Macau.
- (h) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2015: 26.5%).
- (i) Share of associates' tax for the six months ended 30 June 2016 of HK\$1,799,000 (2015: HK\$1,779,000) is included in the share of profits less losses of associates.

## 7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$81,574,000 (2015: HK\$129,993,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2016 and 30 June 2015.

There is no potential dilutive ordinary share during the six months ended 30 June 2016 and 30 June 2015.

## 8 Investment properties

The Group's investment properties were valued by Jones Lang LaSalle Limited, an independent firm of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach and with reference to sales evidence as available in the market.

The Group recorded a decrease in fair value of investment properties of HK\$14,000,000 (2015: increase in fair value of investment properties of HK\$49,000,000) in profit or loss for the six months period ended 30 June 2016.

## 9 Trade and other receivables

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

	<b>At 30 June 2016 HK\$'000</b>	At 31 December 2015 HK\$'000
Within one month	<b>23,612</b>	30,625
One to three months	<b>9,484</b>	13,146
	<b>33,096</b>	43,771

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

## 10 Deposits and cash

	<b>At 30 June 2016 HK\$'000</b>	At 31 December 2015 HK\$'000
Deposits with banks and other financial institutions	<b>1,509,064</b>	1,500,591
Cash at bank	<b>321,352</b>	290,115
Cash and cash equivalents in the consolidated statement of financial position	<b>1,830,416</b>	1,790,706
Less: Deposits with original maturity greater than three months	<b>(31,980)</b>	(29,296)
Cash and cash equivalents in the condensed consolidated cash flow statement	<b>1,798,436</b>	1,761,410

**11 Bank loans, secured**

(a) At 30 June 2016 and 31 December 2015, the secured bank loans were repayable as follows:

	<b>At 30 June 2016 HK\$'000</b>	At 31 December 2015 HK\$'000
Within one year or on demand	<b>94,810</b>	91,493
After one year but within two years	<b>1,705,609</b>	73,993
After two years but within five years	–	1,665,012
	<b>1,705,609</b>	1,739,005
	<b>1,800,419</b>	1,830,498

All bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 30 June 2016, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

- (i) Properties held for sale with a carrying value of HK\$63,898,000 (31 December 2015: HK\$63,898,000),
- (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$2,721,972,000 (31 December 2015: HK\$2,740,129,000), and
- (iii) Bank deposits of HK\$48,044,000 (31 December 2015: HK\$38,119,000).

Such banking facilities amounted to HK\$2,172,425,000 (31 December 2015: HK\$2,206,447,000) and were utilised to the extent of HK\$1,800,419,000 at 30 June 2016 (31 December 2015: HK\$1,830,498,000).

**12 Trade and other payables**

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

	<b>At 30 June 2016 HK\$'000</b>	At 31 December 2015 HK\$'000
Due within one month or on demand	<b>32,404</b>	41,223
Due after one month but within three months	<b>16,426</b>	16,380
Due after three months	<b>13,753</b>	9,590
	<b>62,583</b>	67,193

### 13 Loans from non-controlling shareholders

Loans from non-controlling shareholders are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. Loans from non-controlling shareholders are unsecured, interest-free and repayable on demand except for loans with carrying amount of HK\$83,498,000 which are repayable on 30 April 2020 (31 December 2015: HK\$80,903,000) and classified as non-current liabilities.

### 14 Capital and dividends

#### (a) Dividends

(i) *Dividends payable to equity shareholders attributable to the interim period*

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.03 per share (2015: HK\$0.03 per share)	<b>10,206</b>	10,206

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

(ii) *Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period*

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.12 per share (six months ended 30 June 2015: HK\$0.12 per share)	<b>40,824</b>	40,824

#### (b) Share capital

	<b>At 30 June 2016</b>		At 31 December 2015	
	No. of shares	Amount	No. of shares	Amount
	'000	HK\$'000	'000	HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January and at 30 June/ 31 December	<b>340,200</b>	<b>498,305</b>	340,200	498,305

**15 Fair value measurement of financial instruments****(a) Financial assets and liabilities measured at fair value**

The Group's available-for-sale securities and trading securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13. All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

The Group's derivative financial instruments are measured by discounting the contractual forward price and deducting the current spot rate. The discounting rate is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread and therefore fall within the Level 2 fair value hierarchy as defined in HKFRS 13.

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

**(b) Fair values of financial assets and liabilities carried at other than fair value**

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings, and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to non-controlling shareholders with a repayment date at 30 April 2020, the carrying amount of which at 30 June 2016, was HK\$83,498,000 (31 December 2015: HK\$80,903,000), approximating its fair value. The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

**16 Capital commitments outstanding not provided for in the interim financial report**

	<b>At 30 June 2016 HK\$'000</b>	At 31 December 2015 HK\$'000
Contracted for	<b>34,265</b>	14,160
Authorised but not contracted for	<b>199,798</b>	1,345
	<b>234,063</b>	15,505

## 17 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, which were on commercial terms, with Mr Ho Kian Cheong (“KC Ho”), and Goodland Limited (“Goodland”).

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2016. Goodland holds 28% of the equity interest in the Company at 30 June 2016. Mr Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

	Note	Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
<b>(a) Transactions with Goodland</b>			
Rental income receivable	(i)	599	599
Management fee payable	(ii)	1,602	1,683
Interest expense payable	(iv)	8	22
		<b>At 30 June 2016 HK\$'000</b>	<b>At 31 December 2015 HK\$'000</b>
<b>(b) Balances with Goodland</b>			
Loan from Goodland	(iii)	43,726	41,872
Amount due to Goodland	(iv)	17,798	18,201
<b>(c) Balances with KC Ho</b>			
Loan from KC Ho	(iii)	10,593	10,143
Amounts due to KC Ho	(v)	4,058	4,048

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.
- (ii) Certain subsidiaries of the Company paid management fees to Goodland.
- (iii) At 30 June 2016, loans from non-controlling shareholders (note 13) included (i) loan from Goodland with carrying amount of HK\$43,531,000 (31 December 2015: HK\$41,872,000) and (ii) loan from KC Ho with carrying amount of HK\$10,545,000 (31 December 2015: HK\$10,143,000). The balance were unsecured, interest-free and repayable on 30 April 2020.



## 17 Material related party transactions *(continued)*

Notes: *(continued)*

- (iv) At 30 June 2016, trade and other payables included amount due to Goodland of HK\$17,793,000 (31 December 2015: HK\$18,201,000) comprising of:
- interest bearing accounts with certain subsidiaries of the Company amounting to HK\$1,439,000 (31 December 2015: HK\$1,077,000). Interest payable by the subsidiaries amounted to HK\$8,000 for the six months ended 30 June 2016 (2015: HK\$22,000).
  - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,354,000 (31 December 2015: HK\$17,124,000).

The balances are unsecured and repayable on demand.

- (v) As at 30 June 2016, loans from non-controlling shareholders included amounts due to KC Ho which were non-interest bearing, unsecured and repayable on demand.

The related party transactions above constitute connected transactions as defined in Chapter 14A of the Listing Rules.

## 18 Contingent liabilities

- (a) At 30 June 2016, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2015: HK\$8,252,000).
- (b) At 30 June 2016, guarantees of HK\$29,990,000 (C\$5,000,000) (31 December 2015: HK\$27,935,000 (C\$5,000,000)) were given by the Company to a bank to secure banking facilities made available to a subsidiary.

At 30 June 2016, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.