



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

Stock Code : 0184

INTERIM REPORT 2011 INTERIM REPORT 2011



CORPORATE INFORMATION

DIRECTORS

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

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

YUEN Chiu Yuk Ida

AUDITORS

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

SHARE REGISTRARS & TRANSFER OFFICE

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

REGISTERED OFFICE

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

COMPANY'S WEBSITE

www.keckseng.com.hk

INTERIM RESULTS

The board of directors (the "Board") of Keck Seng Investments (Hong Kong) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group"), and associated companies for the six months ended 30 June 2011. The unaudited consolidated interim results have been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The review report of the auditor is included on page 10.

The consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2011 was HK\$99,871,000 (HK\$0.294 per share), compared to HK\$100,266,000 (HK\$0.295 per share) for the first six months of 2010, as restated.

The Board has declared an interim dividend of HK\$0.025 (2010: HK\$0.025) per share for 2011 payable on Wednesday, 19 October 2011, to equity shareholders whose names appear on the register of members of the Company on Monday, 10 October 2011.

OPERATIONS REVIEW

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

Macau

During the first half of 2011, the Group's turnover from property investment in Macau increased by about 5% to HK\$20.9 million. This resulted from an increased level of economic activity in Macau arising from the continuing construction and development of the COTAI area which has translated into higher demand for rental properties by expatriates working in Macau. There had not been any sale of properties for the Group in Macau during the first half of 2011. As a result, total turnover in Macau reduced by 77% to HK\$20.9 million.

Vietnam

During the first half of 2011, ***Sheraton Saigon Hotel and Grand Towers*** reported an increase in occupancy rate from 60% in the six month period in 2010, to 65% for the same period in 2011. Average room rate also increased to US\$174 for the same first months of 2011, as compared to US\$164 in the corresponding period in 2010. This improvement reported by the hotel is in line with the increase in visitor arrivals to Ho Chi Minh City in the first half of 2011 as well as an increase in business activities in the city during this same period. The hotel has continued to win international awards which consolidated the hotel's position as one of the leading hotels in the city.

The ***Caravelle Hotel***, in which the Group holds 25%, also reported an improvement in turnover and operating results. Occupancy rate increased to 70% for the first six months of 2011, as compared to 61% in the corresponding period in 2010. Average room rate adjusted upwards to US\$142 in 2011 as compared to US\$139 for the same period in 2010.

PRC

The **Holiday Inn Wuhan Riverside** reported an increase in turnover for the first six months of 2011, as compared to the same period in 2010. Occupancy rate improved marginally to 70% for the first six months, as compared to 63% for the same period in 2010. Average room rate increased to RMB416 in 2011, as compared to RMB351 in 2010. As a result of increased revenue and effective cost control, profit contribution from the subsidiary increased in the first half of 2011 as compared to 2010.

US

The **W San Francisco** has reported good results for the first six months of 2011 despite ongoing renovations on the property. During this period, occupancy rate has improved to 82% as compared to 79% during the same period in 2010. Average room rate was at US\$259, as compared to US\$223 during the same period in 2010.

Japan

The natural disaster which hit Japan in March 2011 has not resulted in any physical damage to the Group's property portfolio in Tokyo. The operating results in the first six months of 2011 were satisfactory. **Iris Ginza East**, with 77 apartment units, has reported occupancy rate of 94% in the first half of 2011, as compared to 95% during the 5-month period up to the end of June last year. **Iris Suitengu**, also with 77 apartment units, has reported occupancy rate of 87% during the first half of 2011 as compared to 95% during the month of June last year.

Canada

During the first half of 2011, contribution from Canadian operations to the Group has dropped slightly. In the first half of 2011, average room rate at **DoubleTree International Plaza Hotel** dropped to C\$109 as compared to C\$119 in the first half of 2010. Occupancy rate improved slightly to 72% from 67% for the same respective period. The **Sheraton Ottawa Hotel** reported a reduction in occupancy rate to 71% for the first half of 2011, as compared to 73% in 2010, while average room rate improved slightly to C\$147 in the first half of 2011, as compared to C\$142 in the corresponding period in 2010.

FINANCIAL REVIEW

The Group's turnover was HK\$558.7 million for the first six months of 2011, a decrease of 6% over the corresponding period in 2010. The Group withheld from any sale of its properties in Macau during the first half of 2011 to adhere to the strategy of releasing remaining properties at the best possible time to maximize property development margin. Revenue from hotel operations amounted to HK\$521.3 million, an increase of 5% as compared to HK\$495.8 million in the corresponding period in 2010. This increase was primarily attributable to the overall improvement in average room rates and occupancy rates for all hotels. Operating profit was HK\$155.8 million for the period ended 30 June 2011, as compared to HK\$117.6 million in 2010. Profit attributable to equity shareholders of HK\$99.9 million was reported as compared to HK\$100.3 million in 2010.

At 30 June 2011, the Group had total bank and other borrowings of HK\$891.2 million (31 December 2010: HK\$915.1 million) and bank deposits and cash of HK\$1,590.9 million (31 December 2010: HK\$1,562.6 million). Of the total bank loans of HK\$742.6 million (31 December 2010: HK\$770.0 million), HK\$404.9 million (31 December 2010: HK\$412.0 million) are repayable within one year or on demand, HK\$20.2 million (31 December 2010: HK\$20.2 million) are repayable after one year but within two years and the remaining of HK\$317.5 million (31 December 2010: HK\$337.8 million) are repayable after two years but within five years.

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

PLEDGE OF ASSETS

At 30 June 2011, a hotel property and certain properties held for sale with an aggregate carrying value of approximately HK\$769.0 million (31 December 2010: HK\$772.3 million), bank deposits of HK\$533.1 million (31 December 2010: HK\$516.2 million), equity securities with fair value of HK\$2.9 million (31 December 2010: HK\$Nil), interest accruals of HK\$1.4 million (31 December 2010: HK\$Nil), and outstanding forward foreign currency contracts with nominal value of HK\$Nil (31 December 2010: HK\$367.0 million) were pledged to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2011, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8.3 million (31 December 2010: HK\$8.3 million).

At 30 June 2011, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$40.2 million (31 December 2010: HK\$39.1 million).

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

PROSPECTS

The first half of 2011 witnessed further deterioration in investment sentiments and consumer spending in the US. Unemployment has remained stubbornly high. Sovereign default continues to be a risk facing several European countries. In China and the rest of Asia, there is growing concern as to how events in developed countries will impact Asian economies. The likelihood of unforeseen events will therefore cast a long shadow on the Group's operations in the second half of 2011.

Against this background, however, the Group intends to maintain its policy of seeking investments which offer long term value. Risks give rise to opportunities; hence the Group will continue to focus on businesses and geographical areas in which the Group and its management are experienced.

PERSONNEL

At 30 June 2011, the Group had approximately 1,752 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in the different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive directors. The Audit Committee meets with the Group's senior management, internal and external auditors regularly to review the effectiveness of the internal control system and the interim and annual reports, including the Group's unaudited consolidated financial statements for the six months ended 30 June 2011.

REMUNERATION COMMITTEE

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

CHANGES IN INFORMATION OF DIRECTORS

There have been some changes in the particulars of the directors of the Company since the date of the Company's last annual report as follows:

1. Mr Ho Kian Guan is a director of Parkway Holdings Limited, which has been delisted from Singapore Exchange Securities Trading Limited on 24 November 2010.
2. Mr Ho Kian Hock is an alternate director of Parkway Holdings Limited, which has been delisted from Singapore Exchange Securities Trading Limited on 24 November 2010.
3. Mr Ho Chung Kain has been appointed as an alternate director of Keck Seng (Malaysia) Berhad, a company listed on the Bursa Malaysia Securities Berhad.

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

BOOK CLOSE

The register of members will be closed from Tuesday, 4 October 2011 to Monday, 10 October 2011, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 October 2011.

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 2011.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 30 June 2011 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests ⁽¹⁾	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	222,480	197,556,320 ⁽²⁾	197,778,800	58.14
	Ho Kian Hock	480	197,556,320 ⁽²⁾	197,556,800	58.07
	Ho Kian Cheong	55,160,480	-	55,160,480	16.21
	Tse See Fan Paul	288,720	-	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000 ⁽³⁾	900,000	0.26
	Kwok Chi Shun Arthur	202,000	-	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	-	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Hock	-	32,410,774 ⁽⁴⁾	32,410,774	99.70
	Ho Kian Cheong	96,525	-	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	-	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Hock	-	83,052 ⁽⁵⁾	83,052	83.05
	Ho Kian Cheong	1,948	-	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd - paid in registered capital in US\$	Ho Kian Guan	-	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Hock	-	13,163,880 ⁽⁶⁾	13,163,880	80.76
	Ho Kian Cheong	1,017,120	-	1,017,120	6.24
	Kwok Chi Shun Arthur	-	489,000 ⁽⁷⁾	489,000	3.00
Golden Crown Development Ltd - common shares	Ho Kian Guan	-	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Hock	-	56,675,000 ⁽⁸⁾	56,675,000	80.96
	Ho Kian Cheong	1,755,000	-	1,755,000	2.51
	Tse See Fan Paul	50,000	-	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	-	100,000 ⁽⁹⁾	100,000	100.00
	Ho Kian Hock	-	100,000 ⁽⁹⁾	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	-	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Hock	-	4,305 ⁽¹⁰⁾	4,305	43.05
	Ho Kian Cheong	195	-	195	1.95
	Kwok Chi Shun Arthur	-	5,500 ⁽¹¹⁾	5,500	55.00
KSF Enterprises Sdn Bhd - ordinary shares	Ho Kian Guan	-	9,010,000 ⁽¹²⁾	9,010,000	100.00
	Ho Kian Hock	-	9,010,000 ⁽¹²⁾	9,010,000	100.00
KSF Enterprises Sdn Bhd - preferred shares	Ho Kian Guan	-	24,000,000 ⁽¹³⁾	24,000,000	100.00
	Ho Kian Hock	-	24,000,000 ⁽¹³⁾	24,000,000	100.00
Chateau Ottawa Hotel Inc - common shares	Ho Kian Guan	-	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
	Ho Kian Hock	-	4,950,000 ⁽¹⁴⁾	4,950,000	55.00
Chateau Ottawa Hotel Inc - preferred shares	Ho Kian Guan	-	1,650,000 ⁽¹⁵⁾	1,650,000	55.00
	Ho Kian Hock	-	1,650,000 ⁽¹⁵⁾	1,650,000	55.00

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

- (1) This represents interests held by the relevant directors as beneficial owners.
- (2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.
- (4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (6) This represents US\$8,965,000 (55%) indirectly contributed by the Company and US\$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.
- (8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.
- (11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.
- (12) This represents 2,252,500 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 1/2 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 1/2 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 1/2 interest indirectly.
- (15) This represents 1,500,000 preferred shares (50%) indirectly held by the Company and 150,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 30 June 2011, 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 2011, 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 2011, 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, 29 August 2011



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

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 11 to 30 which comprises the consolidated statement of financial position of Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2011 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2011 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, 29 August 2011

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000 (restated)
Turnover	3	558,669	594,739
Cost of sales		(83,189)	(90,602)
		475,480	504,137
Other revenue	4(a)	13,380	14,916
Other net income/(loss)	4(b)	15,056	(53,995)
Direct costs and operating expenses		(164,176)	(175,966)
Marketing and selling expenses		(30,725)	(26,431)
Depreciation of fixed assets		(41,574)	(42,642)
Administrative and other operating expenses		(111,632)	(102,426)
Operating profit		155,809	117,593
Increase in fair value of investment properties	9	21,890	58,494
		177,699	176,087
Finance costs	5(a)	(4,840)	(5,941)
Share of profits less losses of associates		10,773	9,977
Profit before taxation	5	183,632	180,123
Income tax	6	(58,690)	(36,002)
Profit for the period		124,942	144,121
Attributable to:			
Equity shareholders of the Company		99,871	100,266
Non-controlling interests		25,071	43,855
Profit for the period		124,942	144,121
Earnings per share, basic and diluted (cents)	8	29.4	29.5

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

The notes on pages 17 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000 (restated)
Profit for the period	124,942	144,121
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	6,520	17,437
Interest-free loans from non-controlling shareholders: – net movement in other capital reserve	(2,078)	23,857
Available-for-sale securities: – changes in fair value recognised during the period and net movement in the fair value reserve	98	168
	4,540	41,462
Total comprehensive income for the period	129,482	185,583
Attributable to:		
Equity shareholders of the Company	102,917	136,828
Non-controlling interests	26,565	48,755
Total comprehensive income for the period	129,482	185,583

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

The notes on pages 17 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
	Note		
Non-current assets			
Fixed assets	9		
– Investment properties		773,924	749,592
– Other properties and fixed assets		1,154,652	1,178,101
– Interests in leasehold land held for own use under operating lease		189,726	190,513
		2,118,302	2,118,206
Interest in associates		190,028	184,478
Available-for-sale securities		5,136	5,038
		2,313,466	2,307,722
Current assets			
Trading securities		2,910	2,544
Properties held for sale		306,190	306,190
Inventories		4,355	4,127
Trade and other receivables	10	44,952	66,814
Derivative financial assets		524	–
Pledged deposits	11(a)	533,112	516,235
Deposits and cash	11(b)	1,057,738	1,046,376
Taxation recoverable		2,073	219
		1,951,854	1,942,505
Current liabilities			
Bank loans	12	404,856	411,977
Trade and other payables	13	205,680	202,345
Loans from associates		1,364	1,364
Loans from non-controlling shareholders	14	43,493	43,477
Amount due to an affiliated company		18,775	17,509
Derivative financial liabilities		2,561	28,155
Taxation payable		66,760	30,481
		743,489	735,308
Net current assets		1,208,365	1,207,197
Total assets less current liabilities		3,521,831	3,514,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
	Note		
Non-current liabilities			
Bank loans	12	337,739	358,018
Loans from non-controlling shareholders	14	41,052	39,631
Loan from an affiliated company	17(b)	43,955	43,122
Deferred tax liabilities		59,229	56,125
		481,975	496,896
NET ASSETS		3,039,856	3,018,023
Capital and reserves			
Share capital		340,200	340,200
Reserves		2,216,570	2,173,188
Total equity attributable to equity shareholders of the Company		2,556,770	2,513,388
Non-controlling interests		483,086	504,635
TOTAL EQUITY		3,039,856	3,018,023

The notes on pages 17 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2011

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Other capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2010 (restated)	340,200	158,105	12,758	2,004	31,842	2,772	1,682,200	2,229,881	493,692	2,723,573
Profit for the period	-	-	-	-	-	-	100,266	100,266	43,855	144,121
Other comprehensive income	-	-	-	23,857	12,537	168	-	36,562	4,900	41,462
Total comprehensive income for the period	-	-	-	23,857	12,537	168	100,266	136,828	48,755	185,583
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(59,535)	(59,535)	-	(59,535)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(30,611)	(30,611)
At 30 June 2010	340,200	158,105	12,758	25,861	44,379	2,940	1,722,931	2,307,174	511,836	2,819,010
At 1 January 2011	340,200	158,105	12,758	23,486	89,481	4,447	1,884,911	2,513,388	504,635	3,018,023
Profit for the period	-	-	-	-	-	-	99,871	99,871	25,071	124,942
Other comprehensive income	-	-	-	(2,078)	5,026	98	-	3,046	1,494	4,540
Total comprehensive income for the period	-	-	-	(2,078)	5,026	98	99,871	102,917	26,565	129,482
Dividends approved in respect of the previous year (note 7)	-	-	-	-	-	-	(59,535)	(59,535)	-	(59,535)
Dividend paid by the subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(48,114)	(48,114)
At 30 June 2011	340,200	158,105	12,758	21,408	94,507	4,545	1,925,247	2,556,770	483,086	3,039,856

The notes on pages 17 to 30 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Note	Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
Net cash generated from operating activities		147,820	155,617
Net cash generated from/(used in) investing activities		82,264	(821,004)
Net cash (used in)/generated from financing activities		(139,889)	282,612
Increase/(decrease) in cash and cash equivalents		90,195	(382,775)
Cash and cash equivalents at 1 January	11(c)	1,024,747	1,207,200
Effect of foreign exchanges rate changes		22,700	(13,366)
Cash and cash equivalents at 30 June	11(c)	1,137,642	811,059

The notes on pages 17 to 30 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2011.

2. Changes in accounting policies

(a) The Group has adopted the following relevant revised HKFRSs, amendments and interpretations effective from 1 January 2011:

- Improvements to HKFRSs (2010)
- HKAS 24 (revised 2009), *Related party disclosures*

The Improvements to HKFRSs (2010) consists of amendments to existing standards, including an amendment to HKAS 34, *Interim financial reporting*. HKAS 34 (amendment) provides for further disclosures in interim financial reports. It has had no financial impact on the Group’s interim financial report.

2. Changes in accounting policies (continued)

(a) (continued)

The other developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. The developments have had no material impact on the contents of the interim financial report.

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

- (b) During the year ended 31 December 2010, the Group has early adopted the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

This change in policy has been applied retrospectively by restating the opening balances at 1 January 2010, with consequential adjustments to comparatives for the six months ended 30 June 2010. This has resulted in a decrease in the amount of deferred tax provided on valuation gain as follows:

	As previously reported	Effect of adoption of amendments to HKAS 12	As restated
	HK\$'000	HK\$'000	HK\$'000
Consolidated income statement for the six months ended 30 June 2010 (unaudited):			
Income tax	38,000	(1,998)	36,002
Profit for the period	142,123	1,998	144,121
Basic and diluted earnings per share (cents)	28.9	0.6	29.5

In the consolidated statement of changes in equity, the comparatives for retained profits and non-controlling interests as at 1 January 2010 have also been restated accordingly, details of which have been disclosed in 2010 annual financial statements.

3. Segmental reporting

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

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

Segment results and assets

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

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

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment.

3. Segmental reporting (continued)

Analysis of segment results of the Group

	External turnover	Inter- segment turnover	Total turnover	Depreciation of fixed assets	Finance costs	Share of results of associates	Income tax	Contribution to profit
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (restated)	HK\$'000 (restated)
For the six months ended								
30 June 2011								
Hotel operations	521,340	-	521,340	(36,824)	(3,925)	10,781	(54,295)	81,921
- Vietnam	304,382	-	304,382	(17,427)	-	7,633	(45,463)	52,285
- United States	183,079	-	183,079	(12,614)	(3,925)	-	(7,560)	18,406
- The People's Republic of China	33,879	-	33,879	(6,783)	-	-	(1,272)	8,057
- Canada	-	-	-	-	-	3,148	-	3,173
Property investment	35,980	681	36,661	(4,708)	(13)	-	(4,309)	31,955
- Macau (note (i))	20,873	681	21,554	(4,708)	(13)	-	(2,463)	24,573
- Japan	15,107	-	15,107	-	-	-	(1,846)	7,382
Investment and corporate	1,349	-	1,349	(42)	(902)	(8)	(86)	11,066
- Macau	-	-	-	-	-	(8)	-	(290)
- Others (note (iii))	1,349	-	1,349	(42)	(902)	-	(86)	11,356
Inter-segment elimination	-	(681)	(681)	-	-	-	-	-
Total	558,669	-	558,669	(41,574)	(4,840)	10,773	(58,690)	124,942

For the six months ended
30 June 2010

Hotel operations	495,829	-	495,829	(37,829)	(5,587)	9,977	(15,334)	88,816
- Vietnam	306,785	-	306,785	(20,887)	-	6,612	(9,232)	82,138
- United States	162,306	-	162,306	(11,618)	(5,587)	-	(6,102)	2,453
- The People's Republic of China	26,738	-	26,738	(5,324)	-	-	-	860
- Canada	-	-	-	-	-	3,365	-	3,365
Property development	72,343	-	72,343	-	-	-	(7,147)	52,413
- Macau	72,343	-	72,343	-	-	-	(7,147)	52,413
Property investment	25,269	760	26,029	(4,775)	(26)	-	(13,414)	47,968
- Macau (note (i))	19,834	760	20,594	(4,775)	(26)	-	(1,302)	(518)
- Japan	5,435	-	5,435	-	-	-	(12,112)	48,486
Investment and corporate	1,298	-	1,298	(38)	(328)	-	(107)	(45,076)
- Macau	-	-	-	-	-	-	-	1,500
- Others (note (iii))	1,298	-	1,298	(38)	(328)	-	(107)	(46,576)
Inter-segment elimination	-	(760)	(760)	-	-	-	-	-
Total	594,739	-	594,739	(42,642)	(5,941)	9,977	(36,002)	144,121

Notes:

- (i) Included in contribution to profit is increase in fair value of investment properties of HK\$21,890,000 (2010: HK\$1,620,000).
- (ii) Included in contribution to profit is net exchange gain of HK\$10,700,000 (2010: loss of HK\$46,958,000).

3. Segmental reporting (continued)

Analysis of total assets of the Group

	Segment assets HK\$'000	Interest in associates HK\$'000	Total assets HK\$'000
At 30 June 2011			
Hotel operations			
– Vietnam	556,448	89,832	646,280
– United States	725,647	–	725,647
– The People's Republic of China	227,207	–	227,207
– Canada	–	95,226	95,226
Property development	306,400	–	306,400
Property investment			
– Macau	634,895	–	634,895
– Japan	490,353	–	490,353
Investment and corporate	1,134,342	4,970	1,139,312
Total	4,075,292	190,028	4,265,320
At 31 December 2010			
Hotel operations			
– Vietnam	570,188	89,843	660,031
– United States	740,077	–	740,077
– The People's Republic of China	219,057	–	219,057
– Canada	–	89,657	89,657
Property development	315,210	–	315,210
Property investment			
– Macau	572,234	–	572,234
– Japan	478,681	–	478,681
Investment and corporate	1,170,302	4,978	1,175,280
Total	4,065,749	184,478	4,250,227

4. Other revenue and net income/(loss)

(a) Other revenue

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Interest income from bank deposits	10,544	12,848
Dividend income from listed available-for-sale and trading securities	130	63
Other revenue from hotel and club operations and miscellaneous income	2,706	2,005
	13,380	14,916

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

(b) Other net income/(loss)

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net exchange gain/(loss)	14,667	(53,348)
Net realised and unrealised gains/(losses) on trading securities	366	(631)
Loss on disposal of fixed assets	–	(18)
Others	23	2
	15,056	(53,995)

5. Profit before taxation

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

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	4,833	5,915
Interest paid on amount due to an affiliated company	7	26
	4,840	5,941
(b) Staff costs		
Salaries, wages and other benefits	110,857	102,254
Contributions to defined contribution retirement plans	2,975	1,050
	113,832	103,304
(c) Other items:		
Cost of properties sold	–	12,786
Cost of inventories	36,533	26,544
Rentals receivable from investment properties less direct outgoings of HK\$7,381,000 (2010: HK\$3,692,000)	(23,224)	(16,684)
Other rental income less direct outgoings	(1,344)	(526)

6. Income tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000 (restated)
Current tax – Overseas		
Provision for the period	20,853	20,644
Under provision in respect of prior year (note (iv))	34,832	–
	55,685	20,644
Deferred taxation		
Change in value of investment properties	2,222	323
Withholding tax on the distributable profits (note (iii))	1,846	12,109
Origination and reversal of other temporary differences	(1,063)	2,926
	3,005	15,358
	58,690	36,002

Notes:

- (i) 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 during the six months ended 30 June 2011 and 30 June 2010.
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. The provision for Corporate Income Tax in Vietnam is calculated at 15% of its estimated taxable profits for the period. The provision of China corporate income tax is calculated at 25% of its estimated taxable profits for the period. The provision for Federal Income Tax and State Income Tax in the United States is calculated at a rate of 34% determined by income ranges and 8.84% respectively.
- (iii) 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% on all gross profit distributions from the subsidiary.
- (iv) A subsidiary of the Group is in discussion with the local tax authority in Vietnam in respect of the tax enquiries relating to the tax provision payable on management fees. Provisions have been made only to the extent that the tax risk can be reliably measured. For the six months ended 30 June 2011, the Group made a provision of HK\$34,832,000 as part of the under-provision for income tax. However, the final outcomes are subject to uncertainties and resulting liabilities may or may not exceed the provision.
- (v) Share of associates' tax for the six months ended 30 June 2011 of HK\$4,706,000 (2010: HK\$4,131,000) is included in the share of profits less losses of associates.

7. Dividends

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of HK\$0.025 (2010: HK\$0.025) per ordinary share	8,505	8,505

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

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.175 (2010: HK\$0.175) per ordinary share	59,535	59,535

8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity shareholders of the Company of HK\$99,871,000 (2010 (restated): HK\$100,266,000) and on the 340,200,000 ordinary shares in issue during the six months ended 30 June 2011 and 30 June 2010.

There is no potential diluted ordinary share during the six months ended 30 June 2011 and 30 June 2010.

9. Fixed assets

The Group's investment properties in Macau were revalued by Infinity Property Development and Planning Limited and the investment properties in Japan by AS Management Co., Ltd, independent firms of professional surveyors with the appropriate qualifications and experience in the location and category of property being valued, at 30 June 2011, on a market value basis, after taking into consideration of the net income of the respective properties allowing for reversionary income potential.

The Group recorded an increase in fair value of investment properties of HK\$21,890,000 (2010: HK\$58,494,000) for the six months ended 30 June 2011.

10. Trade and other receivables

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

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Current or less than one month	17,310	23,012
One to three months	6,954	10,701
More than three months but less than twelve months	361	98
	24,625	33,811

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 will be granted.

11. Pledged deposits and deposits and cash**(a) Pledged deposits:**

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Pledged deposits		
– Maturity less than three months	156,596	176,866
– Maturity more than three months	376,516	339,369
	533,112	516,235

(b) Deposits and cash:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Deposits with banks and other financial institutions	907,824	942,820
Cash at bank	149,914	103,556
	1,057,738	1,046,376

11. Pledged deposits and deposits and cash (continued)

(c) Cash and cash equivalents in the condensed consolidated cash flow statement:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Deposits with maturity less than three months		
– Pledged	156,596	176,866
– Not pledged	831,132	744,325
	987,728	921,191
Cash at bank	149,914	103,556
	1,137,642	1,024,747

12. Bank loans

(a) At 30 June 2011, the bank loans were repayable as follows:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Within one year or on demand	404,856	411,977
After one year but within two years	20,233	20,236
After two years but within five years	317,506	337,782
	337,739	358,018
	742,595	769,995

At 30 June 2011, the bank loans were secured as follows:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Bank loans		
– unsecured	–	10,000
– secured	742,595	759,995
	742,595	769,995

12. Bank loans *(continued)*

- (b) At 30 June 2011, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:
- (i) land and building on Taipa Island classified as properties held for sale with a carrying value of HK\$93,431,000 (31 December 2010: HK\$93,431,000),
 - (ii) hotel property and certain fixed assets of the Group with aggregate carrying value of HK\$675,532,000 (31 December 2010: HK\$678,879,000),
 - (iii) bank deposits of HK\$533,112,000 (31 December 2010: HK\$516,235,000) and interest accruals of HK\$1,429,000 (31 December 2010: HK\$Nil), and
 - (iv) equity securities with fair value of HK\$2,910,000 (31 December 2010: HK\$Nil) and outstanding forward foreign currency contracts in notional amount of HK\$Nil (31 December 2010: HK\$366,959,000).

Such banking facilities amounted to HK\$1,450,308,000 (31 December 2010: HK\$894,804,000) and were utilised to the extent of HK\$742,595,000 (31 December 2010: HK\$759,995,000).

13. Trade and other payables

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

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Due within one month or on demand	15,787	11,722
Due after one month but within three months	2,556	5,772
Due after three months but within six months	56,083	44,975
	74,426	62,469

14. Loans from non-controlling shareholders

At 30 June 2011, loans from non-controlling shareholders are unsecured, interest-free, and repayable on demand except for loans with nominal value of HK\$51,344,000 (before the effect of discounting in the amount of HK\$10,292,000) (31 December 2010: nominal value of HK\$50,837,000 (before the effect of discounting in the amount of HK\$11,206,000)) which are repayable on 30 April 2015 and classified as non-current liabilities.

15. Commitments

At 30 June 2011, capital commitments outstanding not provided for in the interim financial report as follows:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Contracted for	19,918	4,353
Authorised but not contracted for	26,865	19,763
	46,783	24,116

16. Contingent liabilities

- (a) At 30 June 2011, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8,252,000 (31 December 2010: HK\$8,252,000).
- (b) At 30 June 2011, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK\$40,170,000 (C\$5,000,000) (31 December 2010: HK\$39,090,000 (C\$5,000,000)).

As 30 June 2011, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group has 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.

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

17. Material related party transactions

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

Goodland is an affiliated company which holds 28% of equity interest in the Company at 30 June 2011. Messrs Ho Kian Guan and Ho Kian Hock, executive directors of the Company, each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

17. Material related party transactions (continued)

KC Ho is a non-executive director and a substantial shareholder of the Company at 30 June 2011.

	Note	Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
(a) Transactions with Goodland			
Rental income receivable	(i)	372	372
Management fee payable	(ii)	1,602	1,602
Interest expense payable	(iv)	7	4
		At 30 June	At 31 December
		2011	2010
		HK\$'000	HK\$'000
(b) Balances with Goodland:			
Loan from Goodland	(iii)	43,955	43,122
Amounts due to Goodland	(iv)	18,775	17,509
(c) Balances with KC Ho			
Loan from KC Ho	(v)	10,648	10,446
Amounts due to KC Ho	(vi)	4,069	4,070

Notes:

- (i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income amounted to HK\$372,000 for the six months ended 30 June 2011 (2010: HK\$372,000).
- (ii) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK\$1,602,000 for the six months ended 30 June 2011 (2010: HK\$1,602,000).
- (iii) At 30 June 2011, loan from Goodland with nominal value of HK\$54,975,000 (31 December 2010: HK\$55,314,000) before the effect of discounting in the amount of HK\$11,020,000 (31 December 2010: HK\$12,192,000) was unsecured, non-interest bearing and repayable on 30 April 2015 and classified as non-current liabilities.
- (iv) At 30 June 2011, the amounts due to Goodland of HK\$18,775,000 (31 December 2010: HK\$17,509,000) comprises of:
- interest bearing accounts with certain subsidiaries of the Company amounted to HK\$2,245,000 (31 December 2010: HK\$368,000). Interest payable by the subsidiaries amounted to HK\$7,000 for the six months ended 30 June 2011 (2010: HK\$4,000).
 - non-interest bearing accounts with certain subsidiaries of the Company amounted to HK\$16,530,000 (31 December 2010: HK\$17,141,000).

17. Material related party transactions *(continued)*

- (v) At 30 June 2011, loans from non-controlling shareholders included loan from KC Ho in nominal value of HK\$13,317,000 (31 December 2010: HK\$13,399,000) before the effect of discounting in the amount of the HK\$2,669,000 (31 December 2010: HK\$2,953,000) which was unsecured, interest-free and repayable on 30 April 2015 and classified as non-current liabilities.
- (vi) Amounts due to KC Ho represent non-interest bearing accounts with certain subsidiaries which are unsecured and repayable on demand.

18. Restatement of comparatives

As a result of the adoption of the amendments to HKAS 12, *Income taxes*, certain comparative figures have been adjusted to reflect the decrease in accrual of deferred tax liabilities related to investment properties carried at fair value. Further details of these changes in accounting policies are disclosed in note 2.