



**SHUN HO HOLDINGS LIMITED**

**順豪控股有限公司**

**(Stock Code: 253)**

**Interim Report 2016**

## **CORPORATE INFORMATION**

### **Executive Directors**

Mr. William Cheng Kai Man (*Chairman*)  
Mr. Albert Hui Wing Ho

### **Non-Executive Director**

Madam Mabel Lui Fung Mei Yee

### **Independent Non-Executive Directors**

Mr. Vincent Kwok Chi Sun  
Mr. Chan Kim Fai  
Mr. Hui Kin Hing

### **Company Secretary**

Mr. Huen Po Wah

### **Auditor**

Deloitte Touche Tohmatsu  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### **Solicitors**

CFN Lawyers  
27th Floor, Neich Tower  
128 Gloucester Road  
Wan Chai  
Hong Kong

### **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited  
Chong Hing Bank Limited

### **Registered Office**

3rd Floor, Shun Ho Tower  
24-30 Ice House Street  
Central, Hong Kong

### **Share Registrars**

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: 2980 1333

### **Company's Website**

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

## **INTERIM RESULTS**

The board of directors (the “Board”) of Shun Ho Holdings Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK\$88 million (six months ended 30th June, 2015: HK\$45 million), increased by 95%.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2016 (six months ended 30th June, 2015: Nil).

The Company’s revenue mainly derived from its investment in Shun Ho Property Investments Limited (“Shun Ho Property”). Because of the limited existing dividend income, the Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2016. The Company is seeking other local property investments in order to increase additional incomes.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, the Group through its major subsidiaries, Shun Ho Property and Magnificent Hotel Investments Limited (“Magnificent Hotel”), continued with its commercial properties investment and hotels investments and operations. The Company changed its name to “Shun Ho Holdings Limited” so as to reflect its business holding nature in July 2016.

The net profit after tax attributable to the owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK\$88 million (six months ended 30th June, 2015: HK\$45 million), increased by 95%.

## **PERFORMANCE**

### **Hotel Business**

The Company and its wholly-owned subsidiary owns 50.26% of Shun Ho Property which holds 71.09% of Magnificent Hotel as its hotel investment subsidiary. Magnificent Hotel presently owns and operates seven hotels, including: (1) Best Western Plus Hotel Kowloon, (2) Best Western Plus Hotel Hong Kong, (3) Best Western Grand Hotel, (4) Best Western Hotel Causeway Bay, (5) Best Western Hotel Harbour View, (6) Grand City Hotel and (7) Magnificent International Hotel, Shanghai with 2,037 rooms which is one of the largest hotel groups in Hong Kong.

During the period, the Group acquired the freehold property of Royal Scot Hotel situate at 100 King's Cross Road, London for the consideration of £70,300,000 (equivalent to approximately HK\$731,000,000). The current net income is £3,137,487 (equivalent to approximately HK\$32,629,865) per annum.

The net profit after tax attributable to the owners of Magnificent Hotel before revaluation gain of investment properties and depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK\$60.5 million (six months ended 30th June, 2015: HK\$118.1 million), decreased by 49%. The income from operation of hotels amounted to HK\$199 million (six months ended 30th June, 2015: HK\$203 million), decreased by 2%. The average occupancy in the Group's Hong Kong hotels was 99% and the average room rate was HK\$557 and the average EBITDA of each hotel in Hong Kong was 36%. The decrease of revenue was mainly due to the difficult market conditions for the hotel industry in Hong Kong in the period.

The major reasons for the above decline were due to drop in hotel incomes of HK\$12 million and loss of rental income by HK\$46 million from the group reorganization.

### **Commercial Properties Rental Income**

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Best Western Plus Hotel Kowloon, Best Western Plus Hotel Hong Kong and Best Western Grand Hotel amounted to HK\$62 million (six months ended 30th June, 2015: HK\$62 million).

The properties rental income was analysed as follows:

	<b>Six months ended 30th June,</b>	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
633 King's Road	47,059	<b>49,000</b>
Shun Ho Tower	10,849	<b>11,154</b> <i>(Note)</i>
Shops	3,893	<b>2,313</b>
	<hr/>	<hr/>
Total	<u>61,801</u>	<u><b>62,467</b></u>

*Note:* Non-controlling interest will be deducted in consolidated statement of profit or loss and other comprehensive income

## **LIQUIDITY**

- At 30th June, 2016, the overall debt of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries was HK\$919 million (31st December, 2015: HK\$606 million). The debt ratio was 7% (31st December, 2015: 5%) in terms of overall debts of HK\$919 million (31st December, 2015: HK\$606 million) against the fully revalued assets of the Group amounted to HK\$12,617 million (31st December, 2015: HK\$12,739 million). The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) was approximately 14% (31st December, 2015: 10%).

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling, the exchange risk of the Group is minimal. As at 30th June, 2016, the Group's staffing level did not have material change compared with that as at 31st December, 2015.

## **LOOKING AHEAD**

- Magnificent Hotel will continue its business of hotel operations and will seek to acquire more hotel incomes by acquisition of hotel properties or serviced apartment hotels. Looking ahead, the hotel industry will continue to suffer a decline of overnight visitors, less spending power, increase of supply of new hotel rooms, competing room rate and occupancy.
- Shun Ho Property will continue its management and investment of 633 King's Road and Shun Ho Towers, Ice House Street.
- Overall the short term prospect of the Group's earning will follow the slowing down of the local economy trend especially in the tourism industry. The management will endeavor to seek revenue growth from acquisition of income producing properties while maintaining LOW gearing.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period.

## DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 30th June, 2016, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### The Company

Name of director	Capacity	Nature of interests	Number of shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled corporations	Corporate	216,608,825 (Note)	71.20

*Note:*

Trillion Resources Limited and Mercury Fast Limited beneficially owned 154,006,125 shares of the Company (the “Shares”) (50.60%) and 62,602,700 Shares (20.60%) respectively. Mr. William Cheng Kai Man had controlling interests in the above mentioned companies. All the above interests in Shares are long position.

### Associated Corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Shun Ho Technology Holdings Limited (Now known as Shun Ho Property Investments Limited (“Shun Ho Property”)) (Note 1)	Interest of controlled corporations	Corporate	359,543,999	62.02
William Cheng Kai Man	Magnificent Hotel Investments Limited (“Magnificent Hotel”) (Note 2)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Trillion Resources Limited (“Trillion Resources”) (Note 3)	Beneficial owner	Personal	1	100

*Notes:*

1. Shun Ho Property, the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Magnificent Hotel, the Company's indirect subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.
4. All the above interests in the shares of the associated corporations are long position.

An employees share option scheme of Magnificent Hotel, an indirect subsidiary of the Company, was adopted at the extraordinary general meeting held on 14th November, 2013 (the "Employees Share Option Scheme"). Since the adoption of the Employees Share Option Scheme and up to the date of this report, no share option had been granted under the Employees Share Option Scheme.

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 30th June, 2016, none of the directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporation, or had exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2016, the following persons (not being directors or chief executive of the Company) had interests in the Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/underlying Shares held	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	62,602,700	20.60
Magnificent Hotel ( <i>Note 1</i> )	Interest of controlled corporation	62,602,700	20.60
Shun Ho Technology Holdings Limited (Now known as Shun Ho Property) ( <i>Note 1</i> )	Interest of controlled corporation	62,602,700	20.60
Trillion Resources ( <i>Note 2</i> )	Beneficial owner and interest of controlled corporation	216,608,825	71.20
Liza Lee Pui Ling ( <i>Note 3</i> )	Interest of spouse	216,608,825	71.20

### Notes:

1. Magnificent Hotel and Shun Ho Property were taken to be interested in 62,602,700 Shares held by Mercury, a wholly-owned subsidiary of Magnificent Hotel which in turn owned as to 71.09% by Shun Ho Property and its subsidiaries.
2. Trillion Resources beneficially owned 154,006,125 Shares (50.60%) and was taken to be interested in 62,602,700 Shares (20.60%) held by Mercury which is the Company's indirect subsidiary.
3. Madam Liza Lee Pui Ling was deemed to be interested in 216,608,825 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
4. All the above interests in the Shares are long position.

Save as disclosed above, there was no person, other than a director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

## INDEPENDENT REVIEW

The interim results for the six months ended 30th June, 2016 are unaudited, but have been reviewed 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, by Deloitte Touche Tohmatsu, whose independent review report is included on page 10 of this interim report. The interim results and the interim report 2016 have also been reviewed by the Group’s Audit Committee.

## CORPORATE GOVERNANCE

### (a) Compliance with the Corporate Governance Code

During the period ended 30th June, 2016, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited with the exception of the following deviations:

*Code Provision A.2.1: chairman and chief executive should not be performed by the same individual*

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William Cheng Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It also facilitates the planning and execution of the Company’s strategy and is hence, for the interests of the Company and its shareholders.

*Code Provision A.4.1: non-executive directors should be appointed for a specific term*

Except two non-executive directors, all directors of the Company (including executive or non-executive directors) are not appointed for a fixed term. The Articles of Association of the Company stipulate that every director (including executive or non-executive directors) shall retire and be re-elected at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

*Code Provision A.5.2: the nomination committee should perform the duties set out in paragraphs (a) to (d)*

The terms of reference of the nomination committee adopted by the Company are in compliance with the code provision A.5.2 except that it is not the duty of the nomination committee to select individuals nominated for directorships. The nomination committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duty should be performed by the board.

*Code Provision B.1.2: the remuneration committee's terms of reference should include, as a minimum, paragraphs (a) to (h)*

The terms of reference of the remuneration committee adopted by the Company are in compliance with the code provision B.1.2 except that it is not the duties of the remuneration committee to approve the management's remuneration proposals, compensation payable to executive directors and senior management for any loss or termination of office or appointment and compensation arrangements relating to dismissal or removal of directors for misconduct. The remuneration committee comprises a majority of independent non-executive directors who are not involved in the daily operation of the Company and may not have sufficient knowledge of industry practice. Such duties should be performed by the board.

**(b) Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period.

By Order of the Board

**William CHENG Kai Man**  
*Chairman*

Hong Kong, 30th August, 2016

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

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**TO THE BOARD OF DIRECTORS OF  
SHUN HO HOLDINGS LIMITED  
(FORMERLY KNOWN AS SHUN HO RESOURCES HOLDINGS LIMITED)**  
*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Holdings Limited (formerly known as Shun Ho Resources Holdings Limited) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 32, which comprise the condensed consolidated statement of financial position as of 30th June, 2016 and the related condensed consolidated statement of profit or loss, statement of total comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
30th August, 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2016**

		<b>Six months ended 30th June,</b>	
		<b>2016</b>	<b>2015</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	<b>264,645</b>	265,091
Cost of sales		<b>(2,065)</b>	(2,022)
Other service costs		<b>(124,789)</b>	(112,463)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u><b>(37,239)</b></u>	<u>(34,497)</u>
Gross profit		<b>100,552</b>	116,109
Increase in fair value of investment properties	<i>11</i>	<b>87,776</b>	–
Other income and gains		<b>9,183</b>	16,767
Administrative expenses			
– Depreciation		<b>(3,685)</b>	(1,668)
– Others		<b>(16,695)</b>	(15,167)
		<b>(20,380)</b>	(16,835)
Other expenses		<b>(7,267)</b>	(8,681)
Finance costs	5	<u><b>(5,529)</b></u>	<u>(4,926)</u>
Profit before taxation		<b>164,335</b>	102,434
Income tax expense	6	<u><b>(14,560)</b></u>	<u>(19,359)</u>
Profit for the period	7	<u><b>149,775</b></u>	<u>83,075</u>
Profit for the period attributable to:			
Owners of the Company		<b>73,284</b>	31,584
Non-controlling interests		<u><b>76,491</b></u>	<u>51,491</u>
		<u><b>149,775</b></u>	<u>83,075</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u><b>30.31</b></u>	<u>13.06</u>

# CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2016*

	Six months ended 30th June,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<b>149,775</b>	83,075
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	(30,406)	(346)
Fair value loss on available-for-sale investments	(30,726)	(47)
Other comprehensive income for the period	<b>(61,132)</b>	(393)
Total comprehensive income for the period	<b>88,643</b>	82,682
Total comprehensive income attributable to:		
Owners of the Company	51,440	31,432
Non-controlling interests	37,203	51,250
	<b>88,643</b>	82,682

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2016

		As at <b>30th June, 2016</b>	As at 31st December, 2015
	NOTES	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,918,233	2,849,408
Prepaid lease payments for land		29,793	30,765
Investment properties	11	3,050,700	3,011,800
Properties under development	12	50,365	102,981
Available-for-sale investments	13	104,466	135,192
Payments for acquisition of an investment property	14	769,797	–
		<u>6,923,354</u>	<u>6,130,146</u>
<b>CURRENT ASSETS</b>			
Inventories		1,029	946
Prepaid lease payments for land		837	852
Trade and other receivables	15	13,098	21,128
Other deposits and prepayments		9,318	9,475
Pledged bank deposits	16	446,250	–
Bank balances and cash		256,502	1,065,431
		<u>727,034</u>	<u>1,097,832</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	17	68,982	35,037
Rental and other deposits received		27,230	26,858
Advance from ultimate holding company	20a	47,418	46,428
Tax liabilities		20,674	6,512
Bank loans	18	871,679	559,815
		<u>1,035,983</u>	<u>674,650</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<u>(308,949)</u>	<u>423,182</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>6,614,405</u></u>	<u><u>6,553,328</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

AT 30TH JUNE, 2016

		As at <b>30th June, 2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2015 <i>HK\$'000</i> (Audited)
	<i>NOTE</i>		
<b>CAPITAL AND RESERVES</b>			
Share capital	19	<b>172,252</b>	172,252
Reserves		<b><u>2,815,547</u></b>	<u>2,764,107</u>
Equity attributable to owners of the Company			
		<b>2,987,799</b>	2,936,359
Non-controlling interests		<b><u>3,450,067</u></b>	<u>3,436,366</u>
Total equity		<b><u>6,437,866</u></b>	<u>6,372,725</u>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposits received		<b>22,184</b>	26,316
Deferred tax liabilities		<b><u>154,355</u></b>	<u>154,287</u>
		<b><u>176,539</u></b>	<u>180,603</u>
		<b><u>6,614,405</u></b>	<u>6,553,328</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

	Attributable to owners of the Company									
	Share capital HK\$'000	Property revaluation reserve HK\$'000 (Note a)	Securities revaluation reserve HK\$'000 (Note d)	Foreign currency translation reserve HK\$'000	Own shares held by a subsidiary HK\$'000 (Note b)	Other reserve HK\$'000 (note c)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2015 (audited)	172,252	22,702	(12,405)	7,180	(12,834)	598,302	1,918,667	2,693,864	3,572,358	6,266,222
Profit for the period	-	-	-	-	-	-	31,584	31,584	51,491	83,075
Exchange differences arising on translation of foreign operations	-	-	-	(133)	-	-	-	(133)	(213)	(346)
Fair value loss on available-for-sale investments	-	-	(19)	-	-	-	-	(19)	(28)	(47)
Total comprehensive income for the period	-	-	(19)	(133)	-	-	31,584	31,432	51,250	82,682
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	(14,872)	(14,872)
At 30th June, 2015 (unaudited)	<u>172,252</u>	<u>22,702</u>	<u>(12,424)</u>	<u>7,047</u>	<u>(12,834)</u>	<u>598,302</u>	<u>1,950,251</u>	<u>2,725,296</u>	<u>3,608,736</u>	<u>6,334,032</u>
At 1st January, 2016 (audited)	172,252	22,702	(10,665)	5,471	(12,834)	757,197	2,002,236	2,936,359	3,436,366	6,372,725
Profit for the period	-	-	-	-	-	-	73,284	73,284	76,491	149,775
Exchange differences arising on translation of foreign operations	-	-	-	(10,865)	-	-	-	(10,865)	(19,541)	(30,406)
Fair value loss on available-for-sale investments	-	-	(10,979)	-	-	-	-	(10,979)	(19,747)	(30,726)
Total comprehensive income for the period	-	-	(10,979)	(10,865)	-	-	73,284	51,440	37,203	88,643
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	(23,502)	(23,502)
At 30th June, 2016 (unaudited)	<u>172,252</u>	<u>22,702</u>	<u>(21,644)</u>	<u>(5,394)</u>	<u>(12,834)</u>	<u>757,197</u>	<u>2,075,520</u>	<u>2,987,799</u>	<u>3,450,067</u>	<u>6,437,866</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY (Continued)**

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2016*

*Notes:*

- (a) The property revaluation reserve is frozen upon the transfer and will be transferred to retained profits when the relevant properties are disposed of.
- (b) The own shares held by a subsidiary represents the carrying amount of shares in the Company held by an entity at the time the entity become a subsidiary of the Company.
- (c) The other reserve was resulted from the acquisition of additional interest or disposal of partial interest in subsidiaries without losing control.
- (d) Included in securities revaluation reserve at 30th June, 2016 is the Group's share of a decrease in change in value of securities amounting to HK\$12,252,000 (31st December, 2015: HK\$12,252,000) attributable to the securities held by a former associate. The associate has become a subsidiary of the Company since 2001.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2016**

	<b>Six months ended 30th June,</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash from operating activities	<u><b>138,151</b></u>	<u>100,204</u>
Net cash used in investing activities		
Expenditure on properties under development	<b>(2,222)</b>	(18,887)
Acquisition of property, plant and equipment	<b>(7,330)</b>	(22,764)
Expenditure on investment properties	<b>(124)</b>	–
Payments for acquisition of an investment property	<b>(798,256)</b>	–
Proceeds from disposal of property, plant and equipment	<b>117</b>	4,469
Increase in pledged bank deposits	<u><b>(446,250)</b></u>	<u>–</u>
	<u><b>(1,254,065)</b></u>	<u>(37,182)</u>
Net cash from (used in) financing activities		
Interest paid	<b>(4,533)</b>	(4,909)
New bank loan raised	<b>345,111</b>	–
Repayment of bank loans	<b>(33,247)</b>	(28,716)
Repayment to ultimate holding company	<u><b>(6)</b></u>	<u>(12,234)</u>
	<u><b>307,325</b></u>	<u>(45,859)</u>
Net (decrease) increase in cash and cash equivalents	<b>(808,589)</b>	17,163
Cash and cash equivalents at the beginning of the period	<b>1,065,431</b>	1,166,189
Effect of foreign exchange rate changes	<u><b>(340)</b></u>	<u>–</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u><b>256,502</b></u></u>	<u><u>1,183,352</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements have been prepared on a going concern basis because the ultimate holding company has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for the foreseeable future.

The financial information relating to the year ended 31st December, 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2015 to the Register of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong 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 sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidation financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

### 3. REVENUE

Revenue represents the aggregate of income from operation of hotels, property rental and dividend income, and is analysed as follows:

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from operation of hotels	198,557	203,054
Income from property rental	62,467	61,801
Dividend income	3,621	236
	<u>264,645</u>	<u>265,091</u>

### 4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, Chairman of the Company, for the purpose of resources allocation and performance assessment are as follows:

1. Hospitality services – Best Western Plus Hotel Kowloon
2. Hospitality services – Best Western Plus Hotel Hong Kong
3. Hospitality services – Magnificent International Hotel, Shanghai
4. Hospitality services – Best Western Hotel Causeway Bay
5. Hospitality services – Best Western Hotel Harbour View
6. Hospitality services – Best Western Grand Hotel
7. Hospitality services – Grand City Hotel (*note*)
8. Property investment – 633 King's Road
9. Property investment – Shun Ho Tower
10. Property investment – Shops
11. Securities investment
12. Property development for hotel (*note*)

*Note:* The hotel development was completed in August 2015 and accordingly transferred to the segment of "Hospitality services – Grand City Hotel".

Information regarding the above segments is reported below.

#### 4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segment for the periods under review:

	Segment revenue		Segment profit	
	Six months ended 30th June,		Six months ended 30th June,	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	<b>198,557</b>	203,054	<b>34,782</b>	54,431
– Best Western Plus Hotel Kowloon	<b>25,600</b>	28,955	<b>1,014</b>	5,110
– Best Western Plus Hotel Hong Kong	<b>32,924</b>	38,434	<b>7,935</b>	13,306
– Magnificent International Hotel, Shanghai	<b>10,378</b>	10,292	<b>1,729</b>	1,417
– Best Western Hotel Causeway Bay	<b>26,155</b>	31,048	<b>2,654</b>	7,245
– Best Western Hotel Harbour View	<b>38,148</b>	44,971	<b>10,710</b>	17,146
– Best Western Grand Hotel	<b>46,080</b>	49,354	<b>7,445</b>	10,207
– Grand City Hotel	<b>19,272</b>	–	<b>3,295</b>	–
Property investment	<b>62,467</b>	61,801	<b>149,925</b>	61,442
– 633 King's Road	<b>49,000</b>	47,059	<b>118,861</b>	46,791
– Shun Ho Tower	<b>11,154</b>	10,849	<b>28,751</b>	10,758
– Shops	<b>2,313</b>	3,893	<b>2,313</b>	3,893
Securities investment	<b>3,621</b>	236	<b>3,621</b>	236
	<b><u>264,645</u></b>	<b><u>265,091</u></b>	<b><u>188,328</u></b>	<b><u>116,109</u></b>
Other income and gains			<b>9,183</b>	16,767
Central administration costs and directors' emoluments			<b>(20,380)</b>	(16,835)
Other expenses			<b>(7,267)</b>	(8,681)
Finance costs			<b>(5,529)</b>	(4,926)
Profit before taxation			<b><u>164,335</u></b>	<b><u>102,434</u></b>

#### 4. SEGMENT INFORMATION (Continued)

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, other income and gains, other expenses and finance costs. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods.

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	<b>As at 30th June, 2016 HK\$'000 (Unaudited)</b>	As at 31st December, 2015 HK\$'000 (Audited)
<b>Segment assets</b>		
Hospitality services	<b>2,877,642</b>	2,870,186
– Best Western Plus Hotel Kowloon	<b>403,508</b>	360,880
– Best Western Plus Hotel Hong Kong	<b>326,320</b>	330,523
– Magnificent International Hotel, Shanghai	<b>78,647</b>	81,101
– Best Western Hotel Causeway Bay	<b>351,688</b>	359,609
– Best Western Hotel Harbour View	<b>515,408</b>	522,054
– Best Western Grand Hotel	<b>793,311</b>	810,292
– Grand City Hotel	<b>408,760</b>	405,727
Property investment	<b>3,054,684</b>	3,015,151
– 633 King's Road	<b>2,243,416</b>	2,173,146
– Shun Ho Tower	<b>600,268</b>	582,005
– Shops	<b>211,000</b>	260,000
Securities investment	<b>107,737</b>	135,192
	<b>6,040,063</b>	6,020,529
<b>Unallocated assets</b>	<b>1,610,325</b>	1,207,449
<b>Consolidated assets</b>	<b>7,650,388</b>	7,227,978

#### 4. SEGMENT INFORMATION (Continued)

	As at <b>30th June, 2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2015 <i>HK\$'000</i> <b>(Audited)</b>
<b>Segment liabilities</b>		
Hospitality services	<b>31,613</b>	33,132
– Best Western Plus Hotel Kowloon	<b>4,949</b>	5,064
– Best Western Plus Hotel Hong Kong	<b>5,186</b>	4,834
– Magnificent International Hotel, Shanghai	<b>1,747</b>	1,139
– Best Western Hotel Causeway Bay	<b>2,244</b>	3,058
– Best Western Hotel Harbour View	<b>3,034</b>	4,524
– Best Western Grand Hotel	<b>6,296</b>	7,794
– Grand City Hotel	<b>8,157</b>	6,719
Property investment	<b>43,546</b>	44,879
– 633 King's Road	<b>34,614</b>	35,777
– Shun Ho Tower	<b>6,708</b>	6,578
– Shops	<b>2,224</b>	2,524
Securities investment	<b>63</b>	2
	<b>75,222</b>	78,013
<b>Unallocated liabilities</b>	<b>1,137,300</b>	777,240
<b>Consolidated liabilities</b>	<b>1,212,522</b>	855,253

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than the Group's head office corporate assets, (including certain property, plant and equipment), payments for acquisition of an investment property, pledged bank deposits and bank balances and cash; and
- all liabilities are allocated to operating and reportable segments other than the Group's head office corporate liabilities, bank loans and current and deferred tax liabilities.

## 5. FINANCE COSTS

	Six months ended 30th June,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans	4,533	4,909
Advance from ultimate holding company ( <i>note 20a</i> )	996	1,129
	<u>5,529</u>	<u>6,038</u>
Less: amounts capitalised in properties under development	<u>–</u>	<u>(1,112)</u>
	<u><u>5,529</u></u>	<u><u>4,926</u></u>

## 6. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	14,072	17,366
The People's Republic of China ("PRC")	360	271
	<u>14,432</u>	<u>17,637</u>
Underprovision in prior years		
Hong Kong	<u>60</u>	<u>–</u>
	14,492	17,637
Deferred tax	<u>68</u>	<u>1,722</u>
	<u><u>14,560</u></u>	<u><u>19,359</u></u>

## 6. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2016 (six months ended 30th June, 2015: 16.5%).

Taxation arising in the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions.

Deferred tax liabilities on the temporary differences attributable to the undistributed retained profits earned by the Group's PRC subsidiary amounted to HK\$108,000 (six months ended 30th June, 2015: HK\$81,000) were charged to profit or loss for the six months ended 30th June, 2016.

## 7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	418	451
Depreciation of property, plant and equipment	40,506	35,714
Interest on bank deposits (included in other income and gains)	(1,384)	(4,779)
Loss (gain) on disposal of property, plant and equipment (included in other income and gains)	<u>104</u>	<u>(4,040)</u>

## 8. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors have resolved not to declare an interim dividend for the six months ended 30th June, 2016 (six months ended 30th June, 2015: nil).

## **9. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$73,284,000 (six months ended 30th June, 2015: HK\$31,584,000) and on 241,766,000 shares (six months ended 30th June, 2015: 241,766,000 shares) in issue during the period. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

Diluted earnings per share for both periods are not presented as there are no potential ordinary shares exist during both periods.

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30th June, 2016, the Group has acquired furniture, fixtures and equipment of HK\$1,018,000 (six months ended 30th June, 2015: HK\$22,764,000), motor vehicles and vessels of HK\$794,000 (six months ended 30th June, 2015: nil), and incurred HK\$5,518,000 on structural improvement works on hotel premises (six months ended 30th June, 2015: nil). The Group has disposed of property, plant and equipment with carrying amount of HK\$221,000 (six months ended 30th June, 2015: HK\$429,000) during the period.

## **11. INVESTMENT PROPERTIES**

The fair values of the Group's investment properties at 30th June, 2016 and 31st December, 2015 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, an independent qualified professional valuer not connected with the Group. The valuation reports on these properties are signed by a director of DTZ Debenham Tie Leung Limited who is a member of The Hong Kong Institute of Surveyors, and were arrived at by adopting the income capitalisation method and/or by making reference to comparable sales transactions as available in the market to assess the market value of the investment properties.

The investment properties of the Group with an aggregate carrying amount of approximately HK\$3,051 million (31st December, 2015: HK\$3,012 million) were rented out under operating leases at the end of the reporting period. The resulting gain on fair value changes of investment properties of HK\$87,776,000 has been recognised directly in profit or loss for the six months ended 30th June, 2016 (six months ended 30th June, 2015: nil).

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 12. PROPERTIES UNDER DEVELOPMENT

During the six months ended 30th June, 2016, the Group has incurred HK\$1,644,000 (six months ended 30th June, 2015: HK\$14,220,000) on construction cost of hotel premises, transferred a carrying amount of HK\$103,260,000 (six months ended 30th June, 2015: nil) to hotel premises under property, plant and equipment. In addition, properties under development with carrying amount of HK\$49,000,000 (six months ended 30th June, 2015: nil) is transferred from investment properties due to change in use from earning rental income from outsiders to owner occupation.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	As at <b>30th June,</b> <b>2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2015 <i>HK\$'000</i> <b>(Audited)</b>
Listed equity securities in Hong Kong, at fair value	<b>103,686</b>	134,412
Unlisted equity investments, at cost	<u><b>780</b></u>	<u>780</u>
	<u><b>104,466</b></u>	<u>135,192</u>

## 14. PAYMENTS FOR ACQUISITION OF AN INVESTMENT PROPERTY

As at 30th June, 2016, aggregate payments of GBP73,806,025 (equivalent to HK\$769,797,000) is paid for the acquisition of an investment property in London (the "Acquisition"). Details of the Acquisition are set out in the announcement issued by the Company dated 27th June, 2016.

## 15. TRADE AND OTHER RECEIVABLES

	<b>As at 30th June, 2016 HK\$'000 (Unaudited)</b>	As at 31st December, 2015 HK\$'000 (Audited)
Analysed for reporting as:		
Trade receivables	<b>7,722</b>	18,498
Other receivables	<b>5,376</b>	2,630
	<b><u>13,098</u></b>	<u>21,128</u>

Except for a credit period of 30 to 60 days granted to travel agencies and certain customers of the hotels, the Group does not allow any credit period to its customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	<b>As at 30th June, 2016 HK\$'000 (Unaudited)</b>	As at 31st December, 2015 HK\$'000 (Audited)
Not yet due	<b>7,480</b>	17,610
Overdue:		
0 – 30 days	<b>204</b>	855
31 – 60 days	<b>38</b>	23
61 – 90 days	<b>–</b>	10
	<b><u>7,722</u></b>	<u>18,498</u>

## 16. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to the bank to secure a banking facility granted to the Group. Deposits amounting to HK\$446,250,000 (31st December, 2015: nil) have been pledged to secure a bank loan classified as a current liability and are therefore classified as current assets.

## 17. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at <b>30th June, 2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2015 <i>HK\$'000</i> <b>(Audited)</b>
Analysed for reporting as:		
Trade payables	3,593	3,703
Dividend payable	31,946	5,173
Other payables and accruals ( <i>note</i> )	<u>33,443</u>	<u>26,161</u>
	<u><b>68,982</b></u>	<u>35,037</u>

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	As at <b>30th June, 2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2015 <i>HK\$'000</i> <b>(Audited)</b>
0 – 30 days	3,027	2,953
31 – 60 days	545	722
61 – 90 days	<u>21</u>	<u>28</u>
	<u><b>3,593</b></u>	<u>3,703</u>

*Note:* Other payables and accruals include construction costs payable of HK\$4,604,000 (31st December, 2015: HK\$5,182,000).

## 18. BANK LOANS

	<b>As at 30th June, 2016 HK\$'000 (Unaudited)</b>	<b>As at 31st December, 2015 HK\$'000 (Audited)</b>
Secured bank loans	<u><b>871,679</b></u>	<u>559,815</u>
Carrying amounts of bank loans that contain a repayment on demand clause:		
Repayable within one year from the end of the reporting period	<b>541,766</b>	196,558
Not repayable within one year from the end of the reporting period shown under current liabilities	<u><b>329,913</b></u>	<u>363,257</u>
Amounts shown under current liabilities	<u><b>871,679</b></u>	<u>559,815</u>

All the Group's bank loans are floating rate borrowings. Except for a bank loan amounting to GBP33,088,271 (equivalent to HK\$345,111,000) (31st December, 2015: nil) carries interests at London Interbank Offered Rate ("LIBOR") plus a margin of 0.3% per annum for the six months ended 30th June, 2016, the remaining bank loans carry interests at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of approximately 1.5% per annum for the six months ended 30th June, 2016 (31st December, 2015: HIBOR plus a margin of approximately 1.5% per annum). The bank loans are secured over certain of the Group's properties and bank deposits. Interest rates on the Group's bank loans are repriced according to the LIBOR/HIBOR monthly. Effective interest rate is 1.3% per annum (31st December, 2015: 1.6% per annum).

## 19. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Ordinary shares		
Issued and fully paid:		
At 31st December, 2015 (audited) and 30th June, 2016 (unaudited)	<u><b>304,369</b></u>	<u>172,252</u>

At 30th June, 2016, the Company's 62,603,000 (31st December, 2015: 62,603,000) issued shares were held by a subsidiary of the Group. In accordance with the Hong Kong Companies Ordinance, members of the Group who are shareholders of the Company have no right to vote at meetings of the Company.

## 20. RELATED PARTY TRANSACTIONS

Other than those disclosed in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>THE GROUP</b>		
<b>Trillion Resources Limited</b> <b>(the Company's ultimate holding company)</b>		
Interest expenses on advance to the Group ( <i>note a</i> )	996	1,129
Compensation of key management personnel ( <i>note b</i> )	<u>5,302</u>	<u>5,142</u>

*Notes:*

- (a) The advance from ultimate holding company is unsecured, carries interest at HIBOR plus 4% (31st December, 2015: HIBOR plus 4%) per annum and is repayable on demand.
- (b) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

## 21. PROJECT/CAPITAL COMMITMENTS

At 30th June, 2016, the Group had outstanding commitments contracted for but not provided in the condensed consolidated financial statements in respect of expenditure on properties under development amounting to HK\$1,258,000 (31st December, 2015: HK\$2,157,000).

## 22. PLEDGE OF ASSETS

At 30th June, 2016, the bank loan facilities of the Group were secured by the followings:

- (a) investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK\$2,345 million (31st December, 2015: HK\$2,280 million) and HK\$2,346 million (31st December, 2015: HK\$2,367 million), respectively;
- (b) pledge of shares in and subordination of loans due from certain subsidiaries with an aggregate carrying amount of approximately HK\$1,110 million (31st December, 2015: HK\$1,129 million);
- (c) pledge of bank deposits with an aggregate carrying amount of approximately HK\$446 million (31st December, 2015: nil); and
- (d) assignment of the Group's rentals and hotel revenue respectively.

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th June, 2016	31st December, 2015		
	HK\$'000 (Unaudited)	HK\$'000 (Audited)		
Listed equity securities classified as available-for-sale investments	103,686	134,412	Level 1	Quoted bid prices in an active market

Except for certain available-for-sale investments which are stated at cost, the directors of the Company consider that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.