



**SHUN HO RESOURCES
HOLDINGS LIMITED**
(順豪資源集團有限公司)
(Stock Code: 253)

Interim Report 2012

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

DLA Piper Hong Kong

17th Floor, Edinburgh Tower

15 Queen's Road Central

Central, Hong Kong

Woo, Kwan, Lee & Lo

26th Floor, Jardine House

1 Connaught Place

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

26th Floor, Tesbury Centre

28 Queen's Road East

Hong Kong

Tel: 2980 1333

Company's Website

www.shunho.com.hk

INTERIM RESULTS

The board of directors (the “Board”) of Shun Ho Resources Holdings Limited (the “Company”) announces that the unaudited consolidated profit after taxation of the Company and its subsidiaries (together the “Group”) for the six months ended 30th June, 2012 amounted to approximately HK\$219,764,000 (six months ended 30th June, 2011: HK\$390,453,000) and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2012 amounted to HK\$81,664,000 (six months ended 30th June, 2011: HK\$155,563,000).

The results of the Group for the six months ended 30th June, 2012 and its financial position as at that date are set out in the condensed consolidated financial statements on pages 12 to 32 of this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2012 (six months ended 30th June, 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group through its major subsidiaries, Shun Ho Technology Holdings Limited and Magnificent Estates Limited (“Magnificent Estates”), continued with its operations of properties investment, properties development and operation of hotels.

- The unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2012 amounted to HK\$81,664,000 (six months ended 30th June, 2011: HK\$155,563,000). The decreased by 48% due to decreased property revaluation gain compared with same period last year.
- For the six months ended 30th June, 2012, the Group’s income was mostly derived from the aggregate of income from operation of hotels and properties rental income.

The hotels operation income increased by 43% to HK\$165 million (30th June, 2011: HK\$116 million). The increase of revenue for the period was due to substantial improvement in hotel revenue.

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King’s Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK\$50 million (six months ended 30th June, 2011: HK\$47 million). The growth was derived from 633 King’s Road. At the date of this report, 633 King’s Road is providing an annual rental income of HK\$71 million (excluding rates and management fee incomes).

Other income amounted to HK\$8.3 million (six months ended 30th June, 2011: HK\$7.7 million) which was mostly property management fee income of HK\$7.7 million (six months ended 30th June, 2011: HK\$7.4 million) with related expenses of HK\$6.8 million (six months ended 30th June, 2011: HK\$6.4 million).

- Overall service costs for the Group for the period was HK\$66.1 million (six months ended 30th June, 2011: HK\$51.2 million), which HK\$66 million (six months ended 30th June, 2011: HK\$50.7 million) was for the hotel operations including food and beverage and costs of sales and HK\$0.1 million (six months ended 30th June, 2011: HK\$0.5 million) was mainly for leasing commission paid for investment properties. The increase of hotel operation costs was mainly due to the newly opened Best Western Hotel Causeway Bay amounted to HK\$13.26 million.

During the period, the administrative expenses excluding depreciation was HK\$11.1 million (six months ended 30th June, 2011: HK\$9.2 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

Other expenses were HK\$11 million (six months ended 30th June, 2011: HK\$10.6 million). Other expenses included property management expenses of HK\$6.8 million (six months ended 30th June, 2011: HK\$6.4 million) and the total pre-operating expenses of Best Western Hotel Harbour View and Best Western Grand Hotel of HK\$4.2 million (six months ended 30th June, 2011: the pre-operating expense of Best Western Hotel Causeway Bay: HK\$4.1 million). The property management expenses were increased by HK\$0.4 million due to the increase of cost of staff and utilities while the management fee remained unchanged.

- At 30th June, 2012, the overall debt of the Group was HK\$1,165 million (31st December, 2011: HK\$1,171 million). All the debt was borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 26% (31st December, 2011: 27%) in terms of bank borrowings of HK\$1,104 million (31st December, 2011: HK\$1,111 million) and HK\$61 million (31st December, 2011: HK\$60 million) was advance from shareholders against funds employed of HK\$4,507 million (31st December, 2011: HK\$4,296 million).

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, there was about 18% increase in the Group's staffing level compared to 31st December 2011. Remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau were almost fully let. It is expected that the rental revenue from these properties will have modest increase in 2012.

As at the date of this report, the leasing of the grade A office building at 633 King's Road achieved HK\$71 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2012 as most leases are due for renewal.

For the period under review, there was no significant property being disposed of. The houses at Gold Coast, New Territories are already available for leasing and rental income.

- In the coming year, it is envisaged that the hotel business would be improving due to the continuous increase of inbound tourists, devaluation of Hong Kong dollar against Renminbi. The leisure travelling continues to improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely. The management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

**Best Western Grand Hotel
No. 23 Austin Avenue, Tsimshatsui Hotel Development**

The 397 rooms hotel development in the excellent shopping location in Tsimshatsui. The occupation permit was issued in August 2012. Operation commencement is expected in late 2012.

No. 338 Queen's Road West Hotel Development

A 214 serviced apartments hotel development was approved to be built. Superstructure construction will commence early 2013. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. The construction of the Western MTR Line will improve future value and business of this property significantly.

Looking ahead, the management expects 2012 will be an outstanding improved year for hotel operation. The hotels occupancy remain high because of the increasing leisure travelling from the PRC and their further visa relaxation and devaluation of Hong Kong dollar against Renminbi. The hotels room rates will increase due to the return of higher yield commercial travellers. Thus, the management expects higher yield commercial travellers and prospects of further multiple visa relaxation in China and rapid middle class population growth in China will result in room rates and revenue increment. The improving hotel business will help to increase the Group's overall turnover.

The management is most pleased with the commencement of operation of the 258 rooms Best Western Hotel Causeway Bay and its immediate remarkable nearly full occupancies since July 2011 and its additional contribution has assisted increase Group hotels revenue by 43% from January to June this year.

The 432 rooms Best Western Hotel Harbour View has commenced operation since 21st July this year and has since enjoyed nearly full occupancy. The additional revenue of the new Best Western Hotel Harbour View has assisted the Group August revenue to increase by 45%. The significant 432 rooms Best Western Hotel Harbour View will surely make significant improvement to the Group's hotel revenue in the years to come.

The 397 rooms Best Western Grand Hotel, Tsimshatsui to be completed this year will undoubtedly make further substantial contribution to the Group's hotel revenue.

Thus 2012, 2013 and onwards will be the **HARVESTING YEARS** for the Company's subsidiary Magnificent Estates after many years of development of the new hotels.

The management will take best advantage of the improving rental incomes of the commercial buildings and shops, strong growth of the hotels revenue, low interest rate environment, competitive Hong Kong dollar and inflation to enhance the Group's incomes and values. The Company is also considering other local property investments, if successfully acquired will be financed by additional capital and bank lending.

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, 2012, 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 held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled corporations	Corporate	216,608,825 <i>(Note)</i>	71.20

Note:

Trillion Resources Limited and Mercury Fast Limited beneficially owned 154,006,125 shares and 62,602,700 shares in the Company respectively, representing 50.60% and 20.60% of the issued share capital of the Company respectively. Mr. William Cheng Kai Man had controlling interests in these companies.

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 (“Shun Ho Technology”) (Note 1)	Interest of controlled corporations	Corporate	350,043,999	65.18
William Cheng Kai Man	Magnificent Estates Limited (“Magnificent Estates”) (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 Technology, 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 Estates, 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.

None of the Company or any of its associated corporations had any share option scheme during the period.

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, 2012, 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, 2012, the following persons (not being directors or chief executive of the Company) had interests in the shares in the Company 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	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	62,602,700	20.60
Magnificent Estates (<i>Note 1</i>)	Interest of controlled corporation	62,602,700	20.60
Shun Ho Technology (<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 Estates and Shun Ho Technology were taken to be interested in 62,602,700 shares of the Company ("Shares") held by Mercury as Mercury was a wholly-owned subsidiary of Magnificent Estates which in turn owned as to 71.09% by Shun Ho Technology and its subsidiaries.
2. Shun Ho Technology was directly and indirectly owned as to 65.27% by Omnicco which was in turn owned as to 100% by the Company, which was in turn directly and indirectly owned as to 71.20% by Trillion Resources. Trillion Resources was wholly-owned by Mr. William Cheng Kai Man. Trillion Resources beneficially owned 154,006,125 Shares and was taken to be interested in 62,602,700 Shares by virtue of its indirect interests in Mercury.
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.

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, 2012 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 11 of this interim report. The interim results and the interim report 2012 have also been reviewed by the Group’s Audit Committee.

CORPORATE GOVERNANCE

(a) Compliance with the Code on Corporate Governance Practices and Code on Corporate Governance

During the six months ended 30th June, 2012, the Company has complied with all the code provisions set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (Code on Corporate Governance Practices) (effective until 31st March, 2012) and Corporate Governance Code (effective from 1st April, 2012) 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.

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 Code on Corporate Governance Practices and 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 A.6.7: independent non-executive directors and non-executive directors should attend general meetings

Madam Lui Fung Mei Yee, the non-executive director, was unable to attend the annual general meeting of the Company held on 18th June, 2012 due to other business engagement.

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 under review.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 28th August, 2012

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SHUN HO RESOURCES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Resources Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 12 to 32, which comprise the condensed consolidated statement of financial position as of 30th June, 2012 and the related condensed consolidated statement of 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
28th August, 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

		Six months ended 30th June,	
	NOTES	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Restated)
Revenue	3	214,888	162,379
Cost of sales		(1,571)	(1,451)
Other service costs		(66,060)	(51,255)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(16,839)</u>	<u>(11,927)</u>
Gross profit		130,418	97,746
Increase in fair value of investment properties	11	129,820	324,280
Other income		8,315	7,671
Gain on fair value changes of investments held for trading		4	2
Administrative expenses		(12,987)	(12,042)
– Depreciation		(1,915)	(2,867)
– Others		(11,072)	(9,175)
Other expenses		(11,047)	(10,578)
Finance costs	5	<u>(4,163)</u>	<u>(2,583)</u>
Profit before taxation		240,360	404,496
Income tax expense	6	<u>(20,596)</u>	<u>(14,043)</u>
Profit for the period	7	<u>219,764</u>	<u>390,453</u>
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		<u>(1,191)</u>	<u>1,545</u>
Total comprehensive income for the period		<u><u>218,573</u></u>	<u><u>391,998</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (Continued)**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

		Six months ended 30th June,	
	<i>NOTES</i>	2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Restated)
Profit for the period attributable to:			
Owners of the Company		81,664	155,563
Non-controlling interests		<u>138,100</u>	<u>234,890</u>
		<u><u>219,764</u></u>	<u><u>390,453</u></u>
Total comprehensive income attributable to:			
Owners of the Company		81,219	156,056
Non-controlling interests		<u>137,354</u>	<u>235,942</u>
		<u><u>218,573</u></u>	<u><u>391,998</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u><u>33.77</u></u>	<u><u>64.34</u></u>
Diluted	9	<u><u>N/A</u></u>	<u><u>64.34</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2012

		As at 30th June, 2012	As at 31st December, 2011
	NOTES	HK\$'000 (Unaudited)	HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,315,425	1,326,041
Prepaid lease payments for land		59,859	61,049
Investment properties	11	2,756,700	2,626,880
Properties under development	10	1,613,063	1,517,390
Available-for-sale investments	12	780	780
		5,745,827	5,532,140
CURRENT ASSETS			
Inventories		825	660
Properties held for sale		21,650	21,650
Investments held for trading	13	–	183
Prepaid lease payments for land		1,502	1,502
Trade and other receivables	14	13,885	19,950
Other deposits and prepayments		11,358	7,325
Pledged bank deposits	20(d)	110	110
Bank balances and cash		113,182	100,688
		162,512	152,068
CURRENT LIABILITIES			
Trade and other payables and accruals	15	66,267	64,544
Rental and other deposits received		3,941	6,786
Advance from ultimate holding company	18(a)	60,954	59,960
Tax liabilities		26,642	14,645
Bank loans	16	1,103,925	1,110,957
		1,261,729	1,256,892
NET CURRENT LIABILITIES		(1,099,217)	(1,104,824)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,646,610	4,427,316

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30TH JUNE, 2012

		As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Restated)
	<i>NOTE</i>		
CAPITAL AND RESERVES			
Share capital	17	152,184	152,184
Share premium and reserves		<u>1,872,928</u>	<u>1,794,312</u>
Equity attributable to owners of the Company		2,025,112	1,946,496
Non-controlling interests		<u>2,482,030</u>	<u>2,349,306</u>
		<u>4,507,142</u>	<u>4,295,802</u>
NON-CURRENT LIABILITIES			
Rental deposits received		28,632	26,993
Deferred tax liabilities		<u>110,836</u>	<u>104,521</u>
		<u>139,468</u>	<u>131,514</u>
		<u>4,646,610</u>	<u>4,427,316</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Property revaluation reserve	Security revaluation reserve	Translation reserve	Retained profits	Own shares held by a subsidiary	Other reserve	Sub total			
	HKS'000	HKS'000	HKS'000 (Note a)	HKS'000 (Note d)	HKS'000	HKS'000	HKS'000 (Note b)	HKS'000 (Note c)	HKS'000	HKS'000	HKS'000	HKS'000
At 1st January, 2011 (audited)	152,184	20,068	22,702	(12,252)	5,332	892,933	(12,834)	184,281	1,252,414	2,279,491	3,531,905	
Effect of change in accounting policy (note 2)	-	-	-	-	-	188,506	-	-	188,506	100,702	289,208	
At 1st January, 2011 (restated)	152,184	20,068	22,702	(12,252)	5,332	1,081,439	(12,834)	184,281	1,440,920	2,380,193	3,821,113	
Profit for the period	-	-	-	-	-	155,563	-	-	155,563	234,890	390,453	
Exchange differences arising on translation of foreign operations	-	-	-	-	493	-	-	-	493	1,052	1,545	
Total comprehensive income for the period	-	-	-	-	493	155,563	-	-	156,056	235,942	391,998	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,759)	(7,759)	
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	317,604	317,604	(317,604)	-	
At 30th June, 2011 (restated)	152,184	20,068	22,702	(12,252)	5,825	1,237,002	(12,834)	501,885	1,914,580	2,290,772	4,205,352	
Profit for the period	-	-	-	-	-	30,971	-	-	30,971	57,291	88,262	
Exchange differences arising on translation of foreign operations	-	-	-	-	945	-	-	-	945	1,243	2,188	
Total comprehensive income for the period	-	-	-	-	945	30,971	-	-	31,916	58,534	90,450	
At 31st December, 2011 (restated)	152,184	20,068	22,702	(12,252)	6,770	1,267,973	(12,834)	501,885	1,946,496	2,349,306	4,295,802	
Profit for the period	-	-	-	-	-	81,664	-	-	81,664	138,100	219,764	
Exchange differences arising on translation of foreign operations	-	-	-	-	(445)	-	-	-	(445)	(746)	(1,191)	
Total comprehensive (expense) income for the period	-	-	-	-	(445)	81,664	-	-	81,219	137,354	218,573	
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,759)	(7,759)	
Disposal of partial interests in a subsidiary	-	-	-	-	-	-	-	(2,603)	(2,603)	3,129	526	
At 30th June, 2012 (unaudited)	152,184	20,068	22,702	(12,252)	6,325	1,349,637	(12,834)	499,282	2,025,112	2,482,030	4,507,142	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

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) For the period ended 30th June, 2012, the other reserve of HK\$2,603,000 represents the reduction of interest in the carrying amounts of assets and liabilities of a subsidiary through the disposal of partial interests in that subsidiary.
- (d) Included in security revaluation reserve at 30th June, 2012 is the Group's share of a decrease in change in value of securities amounted to HK\$12,252,000 (31st December, 2011: HK\$12,252,000) attributable to the securities held by an 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, 2012

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	<u>133,775</u>	<u>80,015</u>
Cash used in investing activities:		
Expenditure on properties under development	(95,231)	(44,063)
Acquisition of property, plant and equipment	<u>(7,831)</u>	<u>(14,326)</u>
	<u>(103,062)</u>	<u>(58,389)</u>
Net cash used in financing activities:		
Interest paid	(11,713)	(6,400)
Disposal of partial interest in a subsidiary	526	–
Repayment of bank loans	(7,032)	(2,560)
New bank loan raised	<u>–</u>	<u>553</u>
	<u>(18,219)</u>	<u>(8,407)</u>
Net increase in cash and cash equivalents	12,494	13,219
Cash and cash equivalents at the beginning of the period	<u>100,688</u>	<u>41,915</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>113,182</u></u>	<u><u>55,134</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

1. BASIS OF PREPARATION

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

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.

Excepted as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30th June, 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2011.

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.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group’s investment property portfolios and concluded that the Group’s investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of certain investment properties as the Group is not subject to any income taxes on disposal of those investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of the investment properties.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” (Continued)

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group’s deferred tax liabilities being decreased by HK\$336,312,000 as at 31st December, 2011, with the corresponding adjustment being recognised in retained profits. In addition, the application of the amendments has resulted in the Group’s income tax expense for the six months ended 30th June, 2012 and 30th June, 2011 being reduced by HK\$20,844,000 and HK\$52,678,000 respectively and hence resulted in the profit for the six months ended 30th June, 2012 and 30th June, 2011 being increased by HK\$20,844,000 and HK\$52,678,000 respectively.

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30th June,	
	2012	2011
	HK\$’000	HK\$’000
Decrease in income tax expense of the Group and increase in profit for the period	<u>20,844</u>	<u>52,678</u>
Increase in profit for the period attributable to owners of the Company	<u>13,586</u>	<u>34,336</u>

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31st December, 2011, is as follows:

	As at 31st December, 2011 (Originally stated)	Adjustments	As at 31st December, 2011 (Restated)
	HK\$’000		HK\$’000
Effects on net assets:			
Deferred tax liabilities	<u>440,833</u>	<u>(336,312)</u>	<u>104,521</u>
Effects on equity:			
Retained profits	1,048,764	219,209	1,267,973
Non-controlling interests	<u>2,232,203</u>	<u>117,103</u>	<u>2,349,306</u>
	<u>3,280,967</u>	<u>336,312</u>	<u>3,617,279</u>

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” (Continued)

The effect of the change in accounting policy described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1st January, 2011, is as follows:

	As at 1st January, 2011 (Originally stated) <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	As at 1st January, 2011 (Restated) <i>HK\$'000</i>
Effects on net assets:			
Deferred tax liabilities	<u>380,187</u>	<u>(289,208)</u>	<u>90,979</u>
Effects on equity:			
Retained profits	892,933	188,506	1,081,439
Non-controlling interests	<u>2,279,491</u>	<u>100,702</u>	<u>2,380,193</u>
	<u>3,172,424</u>	<u>289,208</u>	<u>3,461,632</u>

Impact on basic earnings per share

	Six months ended 30th June, 2012 <i>HK cents</i>	2011 <i>HK cents</i>
Basic earnings per share before adjustments	28.15	50.14
Adjustments arising from change in accounting policy in relation to:		
– application of amendments to HKAS 12 in respect of deferred taxes on investment properties	<u>5.62</u>	<u>14.20</u>
	<u>33.77</u>	<u>64.34</u>

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

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

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from operation of hotels	165,103	115,841
Property rental	49,785	46,538
	<u>214,888</u>	<u>162,379</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 therefore as follows:

1. Hospitality services – Ramada Hotel Kowloon
2. Hospitality services – Ramada Hong Kong Hotel
3. Hospitality services – Best Western Hotel Taipa, Macau
4. Hospitality services – Magnificent International Hotel, Shanghai
5. Hospitality services – Best Western Hotel Causeway Bay
6. Property investment – 633 King's Road
7. Property investment – Shun Ho Tower
8. Property investment – Shops
9. Securities investment and trading
10. Property development for hotel – 239 Queen's Road West
11. Property development for hotel – 23 Austin Avenue
12. Property development for hotel – 338 Queen's Road West

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 (loss)	
	Six months ended 30th June,		Six months ended 30th June,	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	165,103	115,841	80,751	51,824
– Ramada Hotel Kowloon	37,304	34,346	14,186	12,450
– Ramada Hong Kong Hotel	47,960	43,512	28,562	25,237
– Best Western Hotel Taipa, Macau	31,145	27,214	16,870	13,659
– Magnificent International Hotel, Shanghai	9,742	8,361	1,454	833
– Best Western Hotel Causeway Bay	38,952	2,408	19,679	(355)
Property investment	49,785	46,538	179,487	370,202
– 633 King's Road	35,223	34,145	101,152	313,646
– Shun Ho Tower	8,993	7,988	32,166	20,151
– Shops	5,569	4,405	46,169	36,405
Securities investment and trading	–	–	4	2
Property development for hotel	–	–	–	–
– 239 Queen's Road West	–	–	–	–
– 23 Austin Avenue	–	–	–	–
– 338 Queen's Road West	–	–	–	–
	<u>214,888</u>	<u>162,379</u>	<u>260,242</u>	<u>422,028</u>
Other income			8,315	7,671
Other expenses			(11,047)	(10,578)
Central administration costs and directors' salaries			(12,987)	(12,042)
Finance costs			(4,163)	(2,583)
Profit before taxation			<u>240,360</u>	<u>404,496</u>

4. SEGMENT INFORMATION (Continued)

All of the segment revenue reported above is generated from external customers.

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' salaries, other income and other expenses that are not directly related to core business 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.

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

	As at 30th June, 2012 HK\$'000 (Unaudited)	As at 31st December, 2011 HK\$'000 (Audited)
Segment assets		
Hospitality services	1,258,157	1,280,072
– Ramada Hotel Kowloon	289,708	297,685
– Ramada Hong Kong Hotel	341,489	343,582
– Best Western Hotel Taipa, Macau	130,017	132,399
– Magnificent International Hotel, Shanghai	92,681	94,845
– Best Western Hotel Causeway Bay	404,262	411,561
Property investment	2,758,620	2,629,149
– 633 King's Road	1,851,552	1,786,128
– Shun Ho Tower	484,068	460,621
– Shops	423,000	382,400
Securities investment and trading	780	963
Property development for hotel	1,622,693	1,519,692
– 239 Queen's Road West	536,130	484,883
– 23 Austin Avenue	855,790	808,407
– 338 Queen's Road West	230,773	226,402
	5,640,250	5,429,876
Unallocated assets	268,089	254,332
	5,908,339	5,684,208

5. FINANCE COSTS

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans wholly repayable within five years	11,713	6,400
Advance from ultimate holding company wholly repayable within five years (<i>note 18 (a)</i>)	994	360
Other	—	13
	<u>12,707</u>	<u>6,773</u>
Less: amounts capitalised in properties under development	<u>(8,544)</u>	<u>(4,190)</u>
	<u>4,163</u>	<u>2,583</u>

6. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Restated)
Current tax		
Hong Kong	12,278	12,205
The People's Republic of China ("PRC")	252	139
Other jurisdiction	1,751	1,366
	<u>14,281</u>	<u>13,710</u>
Deferred tax		
Current period	<u>6,315</u>	<u>333</u>
	<u>20,596</u>	<u>14,043</u>

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, 2012 (six months ended 30th June, 2011: 16.5%).

6. INCOME TAX EXPENSE (Continued)

Taxation arising in the PRC and other jurisdiction 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\$75,000 (six months ended 30th June, 2011: HK\$42,000) were charged to profit or loss for the six months ended 30th June, 2012.

7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	784	751
Depreciation of property, plant and equipment	17,970	14,043
Pre-operating expenses (included in other expenses)	4,236	4,146
Interest on bank deposits (included in other income)	<u>(362)</u>	<u>(4)</u>

8. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors has resolved not to declare an interim dividend for the six months ended 30th June, 2012 and 30th June, 2011.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Restated)
Profit for the period and earnings for the purposes of basic (2011: basic and diluted) earnings per share	<u>81,664</u>	<u>155,563</u>

9. EARNINGS PER SHARE (Continued)

Number of shares

	Six months ended 30th June,	
	2012	2011
	'000	'000
	(Unaudited)	(Unaudited)
Number of ordinary shares for the purposes of basic (2011: basic and diluted) earnings per share	<u>241,766</u>	<u>241,766</u>

Diluted earnings per share for the six months ended 30th June, 2012 are not presented as there are no dilutive ordinary shares exist during the period presented.

During the six months ended 30th June, 2011, the mandatory convertible bonds issued by a subsidiary were converted into ordinary shares by the Group. The computation of diluted earnings per share does not assume the conversion of the Group's outstanding mandatory convertible bonds prior to the conversion since the assumed conversion would result in an increase in earnings per share for prior period.

10. PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT

During the six months ended 30th June, 2012, the Group has acquired furniture, fixtures and equipment of HK\$7,831,000 and incurred HK\$87,129,000 on construction costs of new hotel premises. The Group did not dispose of any property, plant and equipment during the period.

During the six months ended 30th June, 2011, the Group has acquired land and buildings of HK\$13,640,000 and furniture, fixtures and equipment of HK\$3,277,000 and incurred HK\$105,186,000 on construction costs of new hotel premises. The Group did not dispose of any property, plant and equipment during the six months ended 30th June, 2011. In addition, the Group has transferred a property under development of HK\$415,389,000 to property, plant and equipment.

11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30th June, 2012 and 31st December, 2011 have been arrived at on the basis of valuations carried out as of these dates by Dudley Surveyors Limited, an independent qualified professional valuer not connected to the Group. The valuation was arrived by adopting the direct comparison approach making reference to recent transactions of similar properties in similar location and condition under the prevailing market conditions. The resulting gain on fair value changes of investment properties of HK\$129,820,000 has been recognised directly in profit or loss for the six months ended 30th June, 2012 (six months ended 30th June, 2011: HK\$324,280,000).

All of the Group's leasehold interests in land which are held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Audited)
Unlisted equity investments	<u>780</u>	<u>780</u>

13. INVESTMENTS HELD FOR TRADING

	As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Audited)
Listed equity securities in Hong Kong at fair value	<u>–</u>	<u>183</u>

14. TRADE AND OTHER RECEIVABLES

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

	As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Audited)
Not yet due	11,282	16,923
Overdue:		
0 – 30 days	1,119	596
31 – 60 days	42	56
Over 60 days	<u>–</u>	<u>90</u>
	<u>12,443</u>	<u>17,665</u>

Analysed for reporting as:

Trade receivables	12,443	17,665
Other receivables	<u>1,442</u>	<u>2,285</u>
	<u>13,885</u>	<u>19,950</u>

15. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period:

	As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Audited)
0 – 30 days	2,554	2,611
31 – 60 days	101	299
Over 60 days	<u>403</u>	<u>380</u>
	<u>3,058</u>	<u>3,290</u>

Analysed for reporting as:

Trade payables	3,058	3,290
Other payables and accruals (<i>Note</i>)	<u>63,209</u>	<u>61,254</u>
	<u>66,267</u>	<u>64,544</u>

Note: Other payables and accruals include construction costs payable of HK\$36,522,000 (31st December, 2011: HK\$44,624,000).

16. BANK LOANS

	As at 30th June, 2012 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2011 <i>HK\$'000</i> (Audited)
Secured bank loans	<u>1,103,925</u>	<u>1,110,957</u>
Carrying amounts of bank loans that contain a repayment on demand clause:		
Repayable within one year from the end of the reporting period, shown under current liabilities	338,160	314,712
Not repayable within one year from the end of the reporting period shown under current liabilities	<u>765,765</u>	<u>796,245</u>
	1,103,925	1,110,957
Less: Amounts shown under current liabilities	<u>1,103,925</u>	<u>1,110,957</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>–</u>

16. BANK LOANS (Continued)

During the current period, the Group has obtained new bank loan amounting to nil (six months ended 30th June, 2011: HK\$553,000) and repaid bank loans of HK\$7,032,000 (six months ended 30th June, 2011: HK\$2,560,000). All the Group's bank loans are floating rate borrowings, which carry interests at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of approximately 2% per annum for the six months ended 30th June, 2012 (year ended 31st December, 2011: HIBOR plus a margin of approximately 1% per annum). The bank loans are secured over certain of the Group's properties. Interest rates on the Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate is 2.1% per annum (year ended 31st December, 2011: 1.3% per annum).

17. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.5 each		
Authorised:		
At 30th June, 2012 (unaudited) and 31st December, 2011 (audited)	<u>400,000</u>	<u>200,000</u>
Issued and fully paid:		
At 30th June, 2012 (unaudited) and 31st December, 2011 (audited)	<u>304,369</u>	<u>152,184</u>

At 30th June, 2012, the Company had 62,603,000 (31st December, 2011: 62,603,000) issued shares with an aggregate nominal value of HK\$31,301,000 (31st December, 2011: HK\$31,301,000) that were held by a subsidiary of Magnificent Estates Limited. 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.

18. RELATED PARTY TRANSACTIONS

Other than those disclosed in the condensed consolidated statement of financial position, the Group had the following transactions and balances with related parties during the period:

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
THE GROUP		
Trillion Resources Limited (the Company's ultimate holding company)		
Interest expenses on advances to the Group (<i>note a</i>)	994	360
Compensation of key management personnel (<i>note b</i>)	<u>3,336</u>	<u>2,869</u>

Notes:

- (a) The advance from ultimate holding company is unsecured, carry interest at HIBOR plus 3% (31st December, 2011: HIBOR plus 1%) 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.

19. PROJECT COMMITMENTS

At 30th June, 2012, 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\$39,159,000 (31st December, 2011: HK\$111,700,000).

20. PLEDGE OF ASSETS

At 30th June, 2012, the bank loan facilities of the Group were secured by the following:

- (a) investment properties, properties under development and property, plant and equipment of the Group with carrying amounts of approximately HK\$2,117 million (31st December, 2011: HK\$2,015 million), HK\$1,613 million (31st December, 2011: HK\$1,517 million) and HK\$1,019 million (31st December, 2011: HK\$1,033 million), respectively;
- (b) pledge of shares in and subordination of loans due from subsidiaries with an aggregate carrying amount of approximately HK\$1,153 million (31st December, 2011: HK\$1,087 million);
- (c) assignment of the Group's rentals and hotel revenue respectively; and
- (d) bank deposits with a carrying amount of HK\$110,000 (31st December, 2011: HK\$110,000).