SHUN HO TECHNOLOGY HOLDINGS LIMITED
順豪科技控股有限公司

(Stock Code: 219)

Interim Report 2013

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 Technology Holdings Limited (the "Company") announces that the unaudited consolidated profit of the Company and its subsidiaries (together the "Group") for the six months ended 30th June, 2013 amounted to HK$335,440,000 (six months ended 30th June, 2012: HK$220,220,000) and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2013 amounted to HK$238,211,000 (six months ended 30th June, 2012: HK$156,449,000).

The results of the Group for the six months ended 30th June, 2013 and its financial position as at that date are set out in the condensed consolidated financial statements on pages 11 to 36 of this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2013 (six months ended 30th June, 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group through its major subsidiary, 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, 2013 amounted to HK$238,211,000 (six months ended 30th June, 2012: HK$156,449,000), increased by 52%.

- For the six months ended 30th June, 2013, 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 64% to HK$271 million (six months ended 30th June, 2012: HK$165 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$52 million (six months ended 30th June, 2012: HK$50 million). At the date of this report, 633 King's Road is providing an annual rental income of HK$74 million (excluding rates and management fee incomes).

Other income amounted to HK$9.4 million (six months ended 30th June, 2012: HK$8.3 million) which was mostly property management fee income of HK$7.7 million (six months ended 30th June, 2012: HK$7.7 million) with related expenses of HK$6.9 million (six months ended 30th June, 2012: HK$6.8 million).

- Overall service costs for the Group for the period was HK$114.0 million (six months ended 30th June, 2012: HK$67.6 million), which HK$113.7 million (six months ended 30th June, 2012: HK$67.5 million) was for the hotel operations including food and beverage and costs of sales and HK$0.3 million (six months ended 30th June, 2012: HK$0.1 million) was mainly for rates and leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for the three years of rental period.

  During the period, the administrative expenses excluding depreciation was HK$14.0 million (six months ended 30th June, 2012: HK$10.6 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

  Other expenses were HK$6.9 million (six months ended 30th June, 2012: HK$11.0 million). The decrease of HK$4.1 million was mainly due to no pre-operating expenses were incurred during the period (six months ended 30th June, 2012: HK$4.2 million). The property management expenses amounted to HK$6.9 million (six months ended 30th June, 2012: HK$6.8 million). The property management expenses were increased by HK$0.1 million due to the increase of cost of staff and utilities while the management fee remained unchanged.

- As at 30th June, 2013, the overall debts of the Group were HK$1,081 million (31st December, 2012: HK$1,135 million). Most of the debts were borrowed by Magnificent Estates Group. The gearing ratio of the Group (including Magnificent Estates Group) was approximately 21% (31st December, 2012: 23%) in terms of bank borrowings of HK$1,061 million (31st December, 2012: HK$1,074 million) and HK$20 million (31st December, 2012: HK$61 million) was advance from shareholders against funds employed of HK$5,238 million (31st December, 2012: HK$4,885 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, the Group's staffing level is almost the same as that of 31st December, 2012. Remuneration and benefit were set with reference to the market.

- For the period under review, the investment properties such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau were remained fully letted. It is expected that the shops in Best Western Grand Hotel will contribute rental revenue in the second half of 2013 and the rental revenue from these properties will have modest increase in 2013.

  As at the date of this report, the leasing of the grade A office building at 633 King's Road achieved HK$74 million (excluding rates and management fee incomes) per annum. The management envisages the office building will have modest rental increase in 2013 as most leases are due for renewal.

  An agreement was entered in January 2013 by the Group to dispose of a wholly-owned subsidiary for the consideration of HK$63 million and an estimate profit of HK$40 million will be attributable to the second half of 2013. The subsidiary holds the houses at Gold Coast, New Territories. The transaction was completed in July 2013.

- The construction of the new hotel will be completed in 2014 together with the opening of nearby MTR will increase future earnings base and value for the Group.

  No. 338 Queen's Road West
  Hotel Development

  A 214 room service apartments hotel development was approved to be built. Approval has been obtained to increase the plot ratio from 12 to 13.2 with no premium payment required. Superstructure construction has commenced with completion expected in 2014. The construction of the Western MTR Line will improve future value and business of this property significantly.

Looking ahead, the management is most pleased with the commencement of operation of the 432 rooms Best Western Hotel Harbour View and 396 rooms Best Western Grand Hotel in July and December 2012 respectively and their immediate remarkable nearly full occupancies since their commencement of operation.

Both Best Western Hotel Harbour View and Best Western Grand Hotel's hotel revenue assisted to increase the Group's hotels revenue by 64% for the period compared with the same period in 2012 and assisted to increase the Group's hotels revenue by 35% for the period from July to August 2013 compared with the same period in 2012.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase. The low interest rate environment, weakness Hong Kong dollar and inflation back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point.

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, 2013, 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	350,043,999 *(Note)*	65.18

Note:

Omnico Company Inc. and Mercury Fast Limited beneficially owned 281,904,489 shares and 68,139,510 shares in the Company respectively, representing 52.49% and 12.69% respectively of the issued share capital of the Company. Mr. William Cheng Kai Man had controlling interests in both 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	Magnificent Estates Limited ("Magnificent Estates") *(Note 1)*	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Shun Ho Resources Holdings Limited ("Shun Ho Resources") *(Note 2)*	Interest of controlled corporations	Corporate	216,608,825	71.20
William Cheng Kai Man	Trillion Resources Limited ("Trillion Resources") *(Note 3)*	Beneficial owner	Personal	1	100

Notes:

1. Magnificent Estates, the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.

2. Shun Ho Resources, the Company's holding company, 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, 2013, 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 under 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 corporations, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2013, 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	68,139,510	12.69
Magnificent Estates *(Note 1)*	Interest of controlled corporation	68,139,510	12.69
Omnico Company Inc. ("Omnico") *(Note 2)*	Beneficial owner and interest of controlled corporation	350,559,447	65.27
Shun Ho Resources *(Note 3)*	Interest of controlled corporations	350,742,682	65.31
Trillion Resources *(Note 3)*	Interest of controlled corporations	350,742,682	65.31
Liza Lee Pui Ling *(Note 4)*	Interest of spouse	350,742,682	65.31

Notes:

1. Mercury was a wholly-owned subsidiary of Magnificent Estates.

2. Omnico beneficially owned 282,419,937 shares of the Company (the "Shares") and was taken to be interested in 68,139,510 Shares held by Mercury which was owned as to 100% by Magnificent Estates, which was in turn owned as to 71.09% by the Group, the Company was in turn directly and indirectly owned as to 65.27% by Omnico and 65.31% by Shun Ho Resources.

3. Omnico was wholly-owned by Shun Ho Resources, which was in turn directly and indirectly owned as to 71.20% by Trillion Resources, which was in turn wholly-owned by Mr. William Cheng Kai Man. Therefore, Shun Ho Resources and Trillion Resources were taken to be interested in 350,742,682 Shares by virtue of their direct or indirect interests in Omnico and another subsidiary of Shun Ho Resources.

4. Madam Liza Lee Pui Ling was deemed to be interested in 350,742,682 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, 2013 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 2013 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, 2013, 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

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, 2013

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF
SHUN HO TECHNOLOGY HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 36, which comprise the condensed consolidated statement of financial position as of 30th June, 2013 and the related condensed consolidated statement of profit or loss and other 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, 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

		Six months ended 30th June,	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**322,994**	214,888
Cost of sales		**(2,052)**	(1,571)
Other service costs		**(111,966)**	(66,060)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(35,379)**	(16,839)
Gross profit		**173,597**	130,418
Increase in fair value of investment properties	*11*	**207,600**	129,820
Other income and gains		**9,379**	8,315
Administrative expenses		**(15,959)**	(12,519)
– Depreciation		**(1,965)**	(1,915)
– Others		**(13,994)**	(10,604)
Other expenses		**(6,869)**	(11,047)
Finance costs	*5*	**(9,901)**	(4,171)
Profit before taxation		**357,847**	240,816
Income tax expense	*6*	**(22,407)**	(20,596)
Profit for the period	*7*	**335,440**	220,220
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**1,055**	(1,191)
Fair value (loss) gain on available-for-sale investments		**(1,877)**	8,139
Other comprehensive (expense) income for the period		**(822)**	6,948
Total comprehensive income for the period		**334,618**	227,168

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

		Six months ended 30th June,	
		2013	2012
	NOTES	***HK\$'000***	*HK\$'000*
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**238,211**	156,449
Non-controlling interests		**97,229**	63,771
		335,440	220,220
Total comprehensive income attributable to:			
Owners of the Company		**237,626**	161,387
Non-controlling interests		**96,992**	65,781
		334,618	227,168
		HK cents	*HK cents*
Earnings per share			
Basic	*9*	**50.80**	33.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2013

	NOTES	**As at 30th June, 2013** ***HK$'000*** **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,690,625**	2,724,021
Prepaid lease payments for land		**59,535**	60,177
Investment properties	*11*	**3,132,700**	2,925,100
Properties under development	*10*	**245,846**	237,338
Available-for-sale investments	*12*	**86,546**	88,423
		6,215,252	6,035,059
CURRENT ASSETS			
Inventories		**1,014**	963
Properties held for sale		**–**	21,650
Prepaid lease payments for land		**1,600**	1,502
Trade and other receivables	*13*	**18,157**	30,575
Other deposits and prepayments		**8,147**	7,549
Pledged bank deposits	*19(d)*	**110**	110
Bank balances and cash		**331,419**	179,918
		360,447	242,267
Assets classified as held for sale	*21*	**21,993**	–
		382,440	242,267
CURRENT LIABILITIES			
Trade and other payables and accruals	*14*	**55,237**	61,094
Rental and other deposits received		**18,016**	15,162
Advance from an intermediate holding company	*17(a)*	**19,822**	9,801
Advance from ultimate holding company	*17(b)*	**397**	51,072
Tax liabilities		**31,591**	20,409
Secured bank loans	*15*	**1,061,427**	1,074,411
		1,186,490	1,231,949
Liability associated with assets classified as held for sale	*21*	**12,600**	–
		1,199,090	1,231,949
NET CURRENT LIABILITIES		**(816,650)**	(989,682)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,398,602**	5,045,377

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30TH JUNE, 2013

	NOTES	**As at 30th June, 2013** *HK$'000* **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
CAPITAL AND RESERVES			
Share capital	*16*	**268,538**	268,538
Share premium and reserves		**3,493,759**	3,255,354
Equity attributable to owners of the Company		**3,762,297**	3,523,892
Non-controlling interests		**1,476,103**	1,361,160
		5,238,400	4,885,052
NON-CURRENT LIABILITIES			
Rental deposits received		**17,562**	22,625
Deferred tax liabilities		**142,640**	137,700
		160,202	160,325
		5,398,602	5,045,377

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	Attributable to owners of the Company												
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000* *(Note a)*	**Property revaluation reserve** *HK$'000* *(Note b)*	**Securities revaluation reserve** *HK$'000*	**General reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Own shares held by a subsidiary** *HK$'000* *(Note c)*	**Other reserve** *HK$'000* *(Note d)*	**Sub total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1st January, 2012 (audited)	268,538	118,770	4,181	50,186	9,817	263	11,896	2,173,810	(12,271)	502,037	3,127,227	1,211,417	4,338,644
Profit for the period	–	–	–	–	–	–	–	156,449	–	–	156,449	63,771	220,220
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(847)	–	–	–	(847)	(344)	(1,191)
Fair value gain on available-for-sale investments	–	–	–	–	5,785	–	–	–	–	–	5,785	2,354	8,139
Total comprehensive income (expense) for the period	–	–	–	–	5,785	–	(847)	156,449	–	–	161,387	65,781	227,168
Dividend payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(7,759)	(7,759)
At 30th June, 2012 (unaudited)	268,538	118,770	4,181	50,186	15,602	263	11,049	2,330,259	(12,271)	502,037	3,288,614	1,269,439	4,558,053
At 1st January, 2013 (audited)	268,538	118,770	4,181	50,186	27,617	263	12,778	2,551,793	(12,271)	502,037	3,523,892	1,361,160	4,885,052
Profit for the period	–	–	–	–	–	–	–	238,211	–	–	238,211	97,229	335,440
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	750	–	–	–	750	305	1,055
Fair value loss on available-for-sale investments	–	–	–	–	(1,335)	–	–	–	–	–	(1,335)	(542)	(1,877)
Total comprehensive (expense) income for the period	–	–	–	–	(1,335)	–	750	238,211	–	–	237,626	96,992	334,618
Dividend payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(12,932)	(12,932)
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	–	–	779	779	30,883	31,662
At 30th June, 2013 (unaudited)	268,538	118,770	4,181	50,186	26,282	263	13,528	2,790,004	(12,271)	502,816	3,762,297	1,476,103	5,238,400

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

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

Notes:

(a) The capital reserve was created by capital reduction of the Company on 28th June, 1988.

(b) The property revaluation reserve is frozen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained profits when the relevant properties are disposed of.

(c) 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.

(d) The other reserve was resulted from the acquisition of additional interest or disposal of partial interest in a subsidiary and represented the difference between the consideration paid or received and the attributable interest in the carrying amounts of assets and liabilities of the subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	Six months ended 30th June,	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**215,519**	133,996
Net cash used in investing activities:		
Expenditure on properties under development	**(29,161)**	(95,231)
Acquisition of property, plant and equipment	**(2,249)**	(7,831)
Proceeds from disposal of property, plant and equipment	**1,057**	–
	(30,353)	(103,062)
Net cash used in financing activities:		
Interest paid	**(10,717)**	(11,713)
Repayment of bank loans	**(12,984)**	(7,032)
Advance from (repayment to) an intermediate holding company	**41,396**	(431)
Repayment to ultimate holding company	**(51,360)**	–
	(33,665)	(19,176)
Net increase in cash and cash equivalents	**151,501**	11,758
Cash and cash equivalents at the beginning of the period	**179,918**	100,683
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**331,419**	112,441

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 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.

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

The Group has applied the following accounting policy for a subsidiary classified as held for sale during the current interim period:

Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or the disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met.

Assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee; (b) it is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group as at 1st January, 2013.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

New standards on consolidation and disclosures *(Continued)*

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 will result in more extensive disclosures in the Group's annual consolidated financial statements for the year ending 31st December, 2013.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information in accordance with the consequential amendments to HKAS 34 are set out in note 22 and additional disclosures in accordance with the requirements of HKFRS 13, especially relating to fair value of the Group's investment properties, will be presented in the consolidated financial statements for the year ending 31st December, 2013.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 ***Interim Financial Reporting***
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM reviews assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group continues to include total assets and total liabilities information as part of segment information.

Except as described above, the application of other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported 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, 2013 *HK$'000* **(Unaudited)**	2012 *HK$'000* (Unaudited)
Income from operation of hotels	**271,308**	165,103
Property rental	**51,686**	49,785
	322,994	214,888

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 – 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. Hospitality services – Best Western Hotel Harbour View *(Note a)*
7. Hospitality services – Best Western Grand Hotel *(Note b)*
8. Property investment – 633 King's Road
9. Property investment – Shun Ho Tower
10. Property investment – Shops
11. Securities investment and trading
12. Property development for hotel – 239 Queen's Road West *(Note a)*
13. Property development for hotel – 23 Austin Avenue *(Note b)*
14. Property development for hotel – 338 Queen's Road West

Notes:

(a) The hotel development was completed in July, 2012 and accordingly transferred to the segment of "Hospitality services – Best Western Hotel Harbour View".

(b) The hotel development was completed in December, 2012 and accordingly transferred to the segment of "Hospitality services – Best Western Grand 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 Six months ended 30th June,		Segment profit Six months ended 30th June,	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hospitality services	**271,308**	165,103	**122,142**	80,751
– Ramada Hotel Kowloon	**36,764**	37,304	**13,865**	14,186
– Ramada Hong Kong Hotel	**45,337**	47,960	**23,333**	28,562
– Best Western Hotel Taipa, Macau	**29,731**	31,145	**14,925**	16,870
– Magnificent International Hotel, Shanghai	**8,429**	9,742	**178**	1,454
– Best Western Hotel Causeway Bay	**38,722**	38,952	**16,132**	19,679
– Best Western Hotel Harbour View	**52,635**	–	**28,971**	–
– Best Western Grand Hotel	**59,690**	–	**24,738**	–
Property investment	**51,686**	49,785	**259,055**	179,487
– 633 King's Road	**35,882**	35,223	**195,724**	101,152
– Shun Ho Tower	**9,701**	8,993	**9,629**	32,166
– Shops	**6,103**	5,569	**53,702**	46,169
Securities investment and trading	**–**	–	**–**	–
Property development for hotel	**–**	–	**–**	–
– 239 Queen's Road West	**–**	–	**–**	–
– 23 Austin Avenue	**–**	–	**–**	–
– 338 Queen's Road West	**–**	–	**–**	–
	322,994	214,888	**381,197**	260,238
Other income and gains			**9,379**	8,315
Central administration costs and directors' emoluments			**(15,959)**	(12,519)
Other expenses			**(6,869)**	(11,047)
Finance costs			**(9,901)**	(4,171)
Profit before taxation			**357,847**	240,816

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 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.

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:

	As at 30th June, 2013 *HK$'000* **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
Segment assets		
Hospitality services	**2,646,424**	2,689,917
– Ramada Hotel Kowloon	**279,034**	286,855
– Ramada Hong Kong Hotel	**338,201**	341,402
– Best Western Hotel Taipa, Macau	**126,983**	130,399
– Magnificent International Hotel, Shanghai	**93,453**	93,530
– Best Western Hotel Causeway Bay	**388,894**	397,010
– Best Western Hotel Harbour View *(Note a)*	**539,013**	544,565
– Best Western Grand Hotel *(Note b)*	**880,846**	896,156
Property investment	**3,134,660**	2,929,243
– 633 King's Road	**2,061,458**	1,901,902
– Shun Ho Tower	**532,002**	533,741
– Shops	**541,200**	493,600
Securities investment and trading	**86,546**	88,423
Property development for hotel	**245,917**	237,392
– 239 Queen's Road West *(Note a)*	**–**	–
– 23 Austin Avenue *(Note b)*	**–**	–
– 338 Queen's Road West	**245,917**	237,392
	6,113,547	5,944,975
Unallocated assets	**484,145**	332,351
	6,597,692	6,277,326

4. SEGMENT INFORMATION *(Continued)*

	As at 30th June, 2013 *HK$'000* (Unaudited)	As at 31st December, 2012 *HK$'000* (Audited)
Segment liabilities		
Hospitality services	**32,908**	53,363
– Ramada Hotel Kowloon	**3,040**	3,539
– Ramada Hong Kong Hotel	**2,876**	2,662
– Best Western Hotel Taipa, Macau	**5,643**	6,255
– Magnificent International Hotel, Shanghai	**1,584**	951
– Best Western Hotel Causeway Bay	**4,945**	4,405
– Best Western Hotel Harbour View *(Note a)*	**7,553**	16,818
– Best Western Grand Hotel *(Note b)*	**7,267**	18,733
Property investment	**35,418**	34,993
– 633 King's Road	**24,845**	23,630
– Shun Ho Tower	**5,918**	7,069
– Shops	**4,655**	4,294
Securities investment and trading	**2**	2
Property development for hotel	**945**	1,692
– 239 Queen's Road West *(Note a)*	**–**	–
– 23 Austin Avenue *(Note b)*	**–**	–
– 338 Queen's Road West	**945**	1,692
	69,273	90,050
Unallocated liabilities	**1,290,019**	1,302,224
	1,359,292	1,392,274

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, bank balances and cash, properties held for sale and assets classified as held for sale; and

- all liabilities are allocated to operating and reportable segments other than the Group's head office corporate liabilities, bank loans, current and deferred tax liabilities and liability associated with assets classified as held for sale.

5. FINANCE COSTS

	Six months ended 30th June, 2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)
Interests on:		
Bank loans wholly repayable within five years	**10,717**	11,713
Advance from ultimate holding company wholly repayable within five years *(note 17(b))*	**685**	994
Advance from an intermediate holding company wholly repayable within five years *(note 17(a))*	**287**	8
	11,689	12,715
Less: amounts capitalised in properties under development	**(1,788)**	(8,544)
	9,901	4,171

6. INCOME TAX EXPENSE

	Six months ended 30th June, 2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	**19,451**	12,278
The People's Republic of China ("PRC")	**–**	252
Other jurisdiction	**1,519**	1,751
	20,970	14,281
Overprovision in prior years		
Hong Kong	**(3,160)**	–
Deferred tax		
Current period	**4,597**	6,315
	22,407	20,596

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, 2013 (six months ended 30th June, 2012: 16.5%).

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.

No deferred tax liabilities on the temporary differences attributable to the undistributed retained profits earned by the Group's PRC subsidiary (six months ended 30th June, 2012: HK$75,000) were charged to profit or loss for the six months ended 30th June, 2013.

7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	**800**	784
Depreciation of property, plant and equipment	**36,544**	17,970
Pre-operating expenses (included in other expenses)	**–**	4,236
Interest on bank deposits (included in other income and gains)	**(619)**	(362)
Gain on disposal of property, plant and equipment (included in other income and gains)	**(1,050)**	–

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, 2013 (six months ended 30th June, 2012: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the owners of the Company of HK$238,211,000 (six months ended 30th June, 2012: HK$156,449,000), and on 468,937,000 shares (six months ended 30th June, 2012: 468,937,000 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 subsisted during both of the periods presented.

10. PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT

During the six months ended 30th June, 2013, the Group has acquired furniture, fixtures and equipment of HK$2,249,000 and incurred HK$6,720,000 on construction costs of new hotel premises. The Group has disposed property, plant and equipment with carrying amount of HK$7,000 during the period.

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.

11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30th June, 2013 and 31st December, 2012 have been arrived at on the basis of valuations carried out on those 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$207,600,000 has been recognised directly in profit or loss for the six months ended 30th June, 2013 (six months ended 30th June, 2012: HK$129,820,000).

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

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30th June, 2013 *HK$'000* **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
Listed equity securities in Hong Kong at fair value	**85,766**	87,643
Unlisted equity investments, at cost	**780**	780
	86,546	88,423

13. TRADE AND OTHER RECEIVABLES

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:

	As at 30th June, 2013 *HK$'000* **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
Not yet due	**16,770**	25,883
Overdue:		
0 – 30 days	**536**	2,547
31 – 60 days	**–**	456
61 – 90 days	**–**	195
	17,306	29,081

Analysed for reporting as:

Trade receivables	**17,306**	29,081
Other receivables	**851**	1,494
	18,157	30,575

14. TRADE AND OTHER PAYABLES AND ACCRUALS

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 30th June, 2013 *HK$'000* **(Unaudited)**	As at 31st December, 2012 *HK$'000* (Audited)
0 – 30 days	**3,813**	3,923
31 – 60 days	**54**	349
61 – 90 days	**523**	501
	4,390	4,773

Analysed for reporting as:

Trade payables	**4,390**	4,773
Other payables and accruals *(Note)*	**50,847**	56,321
	55,237	61,094

Note: Other payables and accruals include construction costs payable of HK$9,578,000 (31st December, 2012: HK$32,019,000).

15. SECURED BANK LOANS

	As at 30th June, 2013	As at 31st December, 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Secured bank loans	**1,061,427**	1,074,411
Carrying amounts of bank loans that contain a repayment on demand clause:		
Repayable within one year from the end of the reporting period	**313,488**	298,928
Not repayable within one year from the end of the reporting period shown under current liabilities	**747,939**	775,483
Amounts shown under current liabilities	**1,061,427**	1,074,411

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, 2013 (year ended 31st December, 2012: HIBOR plus a margin of approximately 2% 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% per annum (year ended 31st December, 2012: 2.1% per annum).

16. SHARE CAPITAL

	Number of shares *'000*	Nominal value *HK$'000*
Ordinary shares of HK$0.5 each		
Authorised		
At 30th June, 2013 (unaudited), 31st December, 2012 (audited) and 1st January, 2012 (audited)	**1,400,000**	700,000
Issued and fully paid		
At 30th June, 2013 (unaudited), 31st December, 2012 (audited) and 1st January, 2012 (audited)	**537,077**	268,538

At 30th June, 2013, the Company's 68,140,000 (31st December, 2012: 68,140,000) issued shares with an aggregate nominal value of HK$34,070,000 (31st December, 2012: HK$34,070,000) were held by a subsidiary of Magnificent Estates Limited ("Magnificent Estates"). 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.

17. 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, 2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
THE GROUP		
Shun Ho Resources Holdings Limited (the Company's intermediate holding company) and its subsidiaries*		
Corporate management fee income for administrative facilities provided	**50**	50
Interest expenses on advance to the Group *(note a)*	**287**	8
Sales proceeds from a disposal of partial interest in a subsidiary (note d)	**31,662**	–
Trillion Resources Limited (the Company's ultimate holding company)		
Interest expenses on advance to the Group *(note b)*	**685**	994
Compensation of key management personnel *(note c)*	**5,701**	3,208

* exclude Shun Ho Technology Holdings Limited and its subsidiaries

Notes:

(a) Except for the advance amounted to HK$6,778,000 (31st December, 2012: Nil), which carries fixed interest at 5% (31st December, 2012: Nil) per annum, the remaining advance from an intermediate holding company carries interest at HIBOR plus 4% (31st December, 2012: HIBOR plus 4%) per annum. The advances from an intermediate holding company are unsecured and repayable on demand.

(b) The advance from ultimate holding company is unsecured, carries interest at HIBOR plus 4% (31st December, 2012: HIBOR plus 4%) per annum and repayable on demand.

(c) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

(d) During the six months ended 30th June, 2013, the Group has disposed 7% equity interest of its wholly-owned subsidiary to its immediate holding company.

18. PROJECT COMMITMENTS

At 30th June, 2013, 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$130,693,000 (31st December, 2012: HK$8,023,000) and acquisition of property, plant and equipment amounting to nil (31st December, 2012: HK$285,000).

19. PLEDGE OF ASSETS

At 30th June, 2013, 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$2,170 million (31st December, 2012: HK$2,004 million), HK$246 million (31st December, 2012: HK$237 million) and HK$2,092 million (31st December, 2012: HK$2,116 million), respectively;

(b) pledge of shares in and subordination of loans due from certain subsidiaries with an aggregate carrying amount of approximately HK$1,024 million (31st December, 2012: HK$1,114 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, 2012: HK$110,000).

20. MAJOR NON-CASH TRANSACTIONS

During the period, the Group has the following major non-cash transactions:

Sales proceeds from a disposal of partial interest in a subsidiary with the amount of HK$31,662,000 were recognised by the Group through advance from an intermediate holding company.

21. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 10th January, 2013, Magnificent Estates, a subsidiary of the Group, entered into an agreement with an independent third party for the disposal of the entire issued share capital of Joes River Limited ("Joes River"), the wholly-owned subsidiary, together with the shareholder's loan of Joes River due to Magnificent Estates for an aggregate consideration of HK$63,000,000 (the "Disposal"). The principal activity of Joes River is property trading in Hong Kong. The Disposal is expected to be completed within twelve months from the end of the current interim reporting period. The Group has already received HK$12,600,000 as deposit included in liability associated with assets classified as held for sale.

Upon completion of the Disposal, it is estimated that the proceeds of the Disposal would exceed the carrying amount of the net assets, accordingly, no impairment loss has been recognised on the assets which was classified as assets held for sale during the period.

The major classes of assets and liabilities of Joes River classified as held for sale are as follows:

	2013 ***HK$'000***
Deferred tax asset	343
Properties held for sale	21,650
Total assets classified as held for sale	21,993

At 30th June, 2013, the shareholder's loan of Joes River due to the Group, amounted to HK$35,907,000, was eliminated in full on consolidation.

22. 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 30th June, 2013	Fair value as at 31st December, 2012	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as available-for-sale investments	HK$85,766,000	HK$87,643,000	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.