



**SHUN HO PROPERTY
INVESTMENTS LIMITED**
順豪物業投資有限公司
(Stock Code: 219)

Interim Report 2016

CORPORATE INFORMATION

Executive Directors

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

Non-Executive Director

Madam Mabel Lui Fung Mei Yee

Independent Non-Executive Directors

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

Company Secretary

Mr. Huen Po Wah

Auditor

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

Solicitors

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

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Chong Hing Bank Limited

Registered Office

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

Share Registrars

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

Company's Website

www.shunho.com.hk

INTERIM RESULTS

The board of directors (the “Board”) of Shun Ho Property Investments Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK\$171 million (six months ended 30th June, 2015: HK\$86 million), increased by 99%.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK1.86 cents per share for the six months ended 30th June, 2016 (six months ended 30th June, 2015: Nil) and will be payable on 18th July, 2017 to shareholders whose names appear on the register of members of the Company on 5th July, 2017. The dividend payout ratio is 20%.

BOOK CLOSURE

The register of members will be closed from Thursday, 29th June, 2017 to Wednesday, 5th July, 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 28th June, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net profit after tax attributable to the owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the six months ended 30th June, 2016 was HK\$171 million (six months ended 30th June, 2015: HK\$86 million), increased by 99%.

PERFORMANCE

Hotel Business

The Group owns 71.09% of Magnificent Hotel Investments Limited (“Magnificent Hotel”) as its hotel investment subsidiary. Magnificent Hotel presently owns and operates seven hotels, including: (1) Best Western Plus Hotel Kowloon, (2) Best Western Plus Hotel Hong Kong, (3) Best Western Grand Hotel, (4) Best Western Hotel Causeway Bay, (5) Best Western Hotel Harbour View, (6) Grand City Hotel and (7) Magnificent International Hotel, Shanghai with 2,037 rooms which is one of the largest hotel groups in Hong Kong.

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

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

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

Commercial Properties Rental Income

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

The properties rental income was analysed as follows:

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

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

LIQUIDITY

- At 30th June, 2016, the overall debt of the Group including Magnificent Hotel and its subsidiaries was HK\$886 million (31st December, 2015: HK\$561 million). The debt ratio was 7% (31st December, 2015: 4%) in terms of overall debts of HK\$886 million (31st December, 2015: HK\$561 million) against the fully revalued assets of the Group amounted to HK\$12,778 million (31st December, 2015: HK\$12,901 million). The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) was approximately 13% (31st December, 2015: 9%).

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

LOOKING AHEAD

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' INTERESTS IN LISTED SECURITIES

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

The Company

Name of director	Capacity	Nature of interests	Number of shares/ underlying shares held	Approximate % of shareholding
William Cheng Kai Man	Interest of controlled corporations	Corporate	359,543,999 (Note)	62.02

Note: Omnico Company Inc., Mercury Fast Limited and Trillion Resources Limited beneficially owned 281,904,489 shares of the Company (the "Shares") (48.62%), 68,139,510 Shares (11.75%) and 9,500,000 Shares (1.64%) respectively. Mr. William Cheng Kai Man had controlling interests in the above-mentioned companies. All the above interests in the Shares are long position.

Associated corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Magnificent Hotel Investments Limited (“Magnificent Hotel”) (Note 1)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Shun Ho Resources Holdings Limited (Now known as Shun Ho Holdings Limited (“Shun Ho Holdings”)) (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 Hotel, 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 Holdings, 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.
4. All the above interests in the share of the associated corporations are long position.

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

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 30th June, 2016, none of the directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company 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, 2016, the following persons (not being directors or chief executive of the Company) had interests in the Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/underlying Shares held	Approximate % of shareholding
Mercury Fast Limited ("Mercury")	Beneficial owner	68,139,510	11.75
Magnificent Estates Limited (Now known as Magnificent Hotel) (<i>Note 1</i>)	Interest of controlled corporation	68,139,510	11.75
Omnico Company Inc. ("Omnico") (<i>Note 2</i>)	Beneficial Owner and Interest of controlled corporation	350,043,999	60.38
Shun Ho Resources Holdings Limited (Now known as Shun Ho Holdings) (<i>Note 3</i>)	Interest of controlled corporations	359,543,999	62.02
Trillion Resources (<i>Note 3</i>)	Interest of controlled corporations	359,543,999	62.02
Liza Lee Pui Ling (<i>Note 4</i>)	Interest of Spouse	359,543,999	62.02
Credit Suisse Trust Limited (<i>Note 5</i>)	Trustee and interest in person acting in concert	52,205,591	9.00

Name of shareholder	Capacity	Number of Shares/underlying Shares held	Approximate % of shareholding
Hashim Hashim Abdullah (Note 5)	Founder of a discretionary trust and interest in person acting in concert	52,205,591	9.00
North Salomon Limited (Note 5)	Beneficial owner and interest in person acting in concert	52,205,591	9.00
Saray Developed Markets Value Fund (Note 5)	Beneficial owner and interest in person acting in concert	52,205,591	9.00
Saray Equities Investment Management (Note 5)	Investment manager and interest in person acting in concert	52,205,591	9.00
Shobokshi Hossam (Note 5)	Beneficial owner and interest in person acting in concert	52,205,591	9.00

Notes:

1. Mercury was a wholly-own subsidiary of Magnificent Hotel.
2. Omnico beneficially owned 281,904,489 Shares and was taken to be interest in 68,139,510 Shares held by Mercury which was owned as to 100% by Magnificent Hotel, which was in turn owned as to 71.09% by the Company and its subsidiaries. The Company was in turn directly and indirectly owned as to 60.38% by Omnico.
3. Omnico was a wholly-owned subsidiary of Shun Ho Holdings, 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 Holdings and Trillion Resources were taken to be interested in 359,543,999 Shares, representing 62.02% by virtue of their direct or indirect interests in Omnico (350,043,999 Shares, representing 60.38%) and Shun Ho Holdings' another subsidiary which beneficially owned 9,500,000 Shares, representing 1.64%.
4. Madam Liza Lee Pui Ling was deemed to be interested in 359,543,999 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.

5. North Salomon Limited (“North”) beneficially owned 20,073,664 Shares. Credit Suisse Trust Limited (“Credit”) was a trustee of 20,073,664 Shares. Hashim Hashim Abdullah (“Hashim”) was a person who set up a discretionary trust of 20,073,664 Shares. North, Credit and Hashim has interest in person acting in concert of 32,131,927 Shares. Therefore, total number of Shares in which North, Credit and Hashim were interested under section 317 and 318 of SFO is 52,205,591 Shares.

Shobokshi Hossam (“Shobokshi”) beneficially owned 2,898,142 Shares. Saray Developed beneficially owned 29,233,785 Shares. Saray Equities Investment Management (“Saray Equities”) was the investment manager of 29,233,785 Shares. Shobokshi had interest in person acting in concert of 29,233,785 Shares held by Saray Developed and 20,073,664 Shares held by North. Saray Developed and Saray Equities had interest in person acting in concert of 2,898,142 Shares held by Shobokshi and 20,073,664 Shares held by North. Therefore, total number of Shares in which Shobokshi, Saray Developed and Saray Equities were interested under section 317 and 318 of SFO is 52,205,591 Shares.

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

INDEPENDENT REVIEW

The interim results for the six months ended 30th June, 2016 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose independent review report is included on page 12 of this interim report. The interim results and the interim report 2016 have also been reviewed by the Group’s Audit Committee.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

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

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

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

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

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

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

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

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

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

(b) Compliance with the Model Code

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

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 30th August, 2016

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Property Investments Limited (formerly known as Shun Ho Technology Holdings Limited) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 13 to 36, which comprise the condensed consolidated statement of financial position as of 30th June, 2016 and the related condensed consolidated statement of profit or loss, statement of total comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

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

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

	<i>NOTES</i>	Six months ended 30th June, 2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Revenue	3	264,645	265,091
Cost of sales		(2,065)	(2,022)
Other service costs		(124,789)	(112,463)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(37,239)</u>	<u>(34,497)</u>
Gross profit		100,552	116,109
Increase in fair value of investment properties	11	87,776	–
Other income and gains		9,183	16,767
Administrative expenses			
– Depreciation		(3,685)	(1,668)
– Others		(16,114)	(14,562)
		(19,799)	(16,230)
Other expenses		(7,267)	(8,681)
Finance costs	5	<u>(4,557)</u>	<u>(4,058)</u>
Profit before taxation		165,888	103,907
Income tax expense	6	<u>(14,560)</u>	<u>(19,359)</u>
Profit for the period	7	<u>151,328</u>	<u>84,548</u>
Profit for the period attributable to:			
Owners of the Company		141,683	60,252
Non-controlling interests		<u>9,645</u>	<u>24,296</u>
		<u>151,328</u>	<u>84,548</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u>27.69</u>	<u>12.85</u>

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

	Six months ended 30th June, 2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	151,328	84,548
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	(30,406)	(346)
Fair value (loss) gain on available-for-sale investments	(31,979)	80,085
Other comprehensive income for the period	(62,385)	79,739
Total comprehensive income for the period	88,943	164,287
Total comprehensive income attributable to:		
Owners of the Company	97,333	116,940
Non-controlling interests	(8,390)	47,347
	88,943	164,287

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2016

	NOTES	As at 30th June, 2016 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2015 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,918,233	2,849,408
Prepaid lease payments for land		29,793	30,765
Investment properties	11	3,050,700	3,011,800
Properties under development	12	50,365	102,981
Available-for-sale investments	13	265,354	297,333
Payments for acquisition of an investment property	14	<u>769,797</u>	<u>–</u>
		<u>7,084,242</u>	<u>6,292,287</u>
CURRENT ASSETS			
Inventories		1,029	946
Prepaid lease payments for land		837	852
Trade and other receivables	15	13,074	21,120
Other deposits and prepayments		9,192	9,291
Pledged bank deposits	16	446,250	–
Bank balances and cash		<u>256,368</u>	<u>1,065,230</u>
		<u>726,750</u>	<u>1,097,439</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	17	68,694	34,563
Rental and other deposits received		27,230	26,858
Advance from an intermediate holding company	20a	14,211	873
Advance from ultimate holding company	20b	447	438
Tax liabilities		20,667	6,505
Bank loans	18	<u>871,679</u>	<u>559,815</u>
		<u>1,002,928</u>	<u>629,052</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(276,178)</u>	<u>468,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>6,808,064</u></u>	<u><u>6,760,674</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30TH JUNE, 2016

		As at 30th June, <i>HK\$'000</i> (Unaudited)	As at 31st December, 2015 <i>HK\$'000</i> (Audited)
	<i>NOTE</i>		
CAPITAL AND RESERVES			
Share capital	19	1,084,887	1,084,887
Reserves		4,509,640	<u>4,436,864</u>
Equity attributable to owners of the Company		5,594,527	5,521,751
Non-controlling interests		1,036,998	<u>1,058,320</u>
Total equity		6,631,525	<u>6,580,071</u>
NON-CURRENT LIABILITIES			
Rental deposits received		22,184	26,316
Deferred tax liabilities		154,355	<u>154,287</u>
		176,539	<u>180,603</u>
		6,808,064	<u>6,760,674</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

	Attributable to owners of the Company											
	Share capital	Capital reserve	Property revaluation reserve	Securities revaluation reserve	General reserve	Foreign currency translation reserve	Own shares held by a subsidiary	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000 <i>(Note a)</i>	HK\$'000 <i>(Note b)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(Note c)</i>	HK\$'000 <i>(Note d)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2015 (audited)	387,308	4,181	50,186	50,478	263	12,704	(12,271)	502,816	3,635,612	4,631,277	1,797,377	6,428,654
Profit for the period	-	-	-	-	-	-	-	-	60,252	60,252	24,296	84,548
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(243)	-	-	-	(243)	(103)	(346)
Fair value gain on available-for-sale investments	-	-	-	56,931	-	-	-	-	-	56,931	23,154	80,085
Total comprehensive income for the period	-	-	-	56,931	-	(243)	-	-	60,252	116,940	47,347	164,287
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(14,872)	(14,872)
At 30th June, 2015 (unaudited)	<u>387,308</u>	<u>4,181</u>	<u>50,186</u>	<u>107,409</u>	<u>263</u>	<u>12,461</u>	<u>(12,271)</u>	<u>502,816</u>	<u>3,695,864</u>	<u>4,748,217</u>	<u>1,829,852</u>	<u>6,578,069</u>
At 1st January, 2016 (audited)	1,084,887	4,181	50,186	83,762	263	9,324	(12,271)	498,660	3,802,759	5,521,751	1,058,320	6,580,071
Profit for the period	-	-	-	-	-	-	-	-	141,683	141,683	9,645	151,328
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(21,615)	-	-	-	(21,615)	(8,791)	(30,406)
Fair value loss on available-for-sale investments	-	-	-	(22,735)	-	-	-	-	-	(22,735)	(9,244)	(31,979)
Total comprehensive income for the period	-	-	-	(22,735)	-	(21,615)	-	-	141,683	97,333	(8,390)	88,943
Final dividend payable for year ended 31st December, 2015 (note 8)	-	-	-	-	-	-	-	-	(24,557)	(24,557)	-	(24,557)
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,932)	(12,932)
At 30th June, 2016 (unaudited)	<u>1,084,887</u>	<u>4,181</u>	<u>50,186</u>	<u>61,027</u>	<u>263</u>	<u>(12,291)</u>	<u>(12,271)</u>	<u>498,660</u>	<u>3,919,885</u>	<u>5,594,527</u>	<u>1,036,998</u>	<u>6,631,525</u>

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 subsidiaries without losing control.

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

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	<u>138,876</u>	<u>100,931</u>
Net cash used in investing activities		
Expenditure on properties under development	(2,222)	(18,887)
Acquisition of property, plant and equipment	(7,330)	(22,764)
Expenditure on investment properties	(124)	–
Payments for acquisition of an investment property	(798,256)	–
Proceeds from disposal of property, plant and equipment	117	4,469
Increase in pledged bank deposits	<u>(446,250)</u>	<u>–</u>
	<u>(1,254,065)</u>	<u>(37,182)</u>
Net cash from (used in) financing activities		
Interest paid	(4,533)	(4,909)
New bank loan raised	345,111	–
Repayment of bank loans	(33,247)	(28,716)
Repayment to an intermediate holding company	(664)	(12,951)
Repayment to ultimate holding company	<u>–</u>	<u>(3)</u>
	<u>306,667</u>	<u>(46,579)</u>
Net (decrease) increase in cash and cash equivalents	(808,522)	17,170
Cash and cash equivalents at the beginning of the period	1,065,230	1,165,634
Effect of foreign exchange rate changes	<u>(340)</u>	<u>–</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>256,368</u></u>	<u><u>1,182,804</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

1. BASIS OF PREPARATION

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

3. REVENUE

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

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

4. SEGMENT INFORMATION

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

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

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

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

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

	Segment revenue		Segment profit	
	Six months ended 30th June,		Six months ended 30th June,	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	198,557	203,054	34,782	54,431
– Best Western Plus Hotel Kowloon	25,600	28,955	1,014	5,110
– Best Western Plus Hotel Hong Kong	32,924	38,434	7,935	13,306
– Magnificent International Hotel, Shanghai	10,378	10,292	1,729	1,417
– Best Western Hotel Causeway Bay	26,155	31,048	2,654	7,245
– Best Western Hotel Harbour View	38,148	44,971	10,710	17,146
– Best Western Grand Hotel	46,080	49,354	7,445	10,207
– Grand City Hotel	19,272	–	3,295	–
Property investment	62,467	61,801	149,925	61,442
– 633 King's Road	49,000	47,059	118,861	46,791
– Shun Ho Tower	11,154	10,849	28,751	10,758
– Shops	2,313	3,893	2,313	3,893
Securities investment	3,621	236	3,621	236
	<u>264,645</u>	<u>265,091</u>	188,328	116,109
Other income and gains			9,183	16,767
Central administration costs and directors' emoluments			(19,799)	(16,230)
Other expenses			(7,267)	(8,681)
Finance costs			(4,557)	(4,058)
Profit before taxation			<u>165,888</u>	<u>103,907</u>

4. SEGMENT INFORMATION (Continued)

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

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

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

	As at 30th June, 2016 HK\$'000 (Unaudited)	As at 31st December, 2015 HK\$'000 (Audited)
Segment assets		
Hospitality services	2,877,642	2,870,186
– Best Western Plus Hotel Kowloon	403,508	360,880
– Best Western Plus Hotel Hong Kong	326,320	330,523
– Magnificent International Hotel, Shanghai	78,647	81,101
– Best Western Hotel Causeway Bay	351,688	359,609
– Best Western Hotel Harbour View	515,408	522,054
– Best Western Grand Hotel	793,311	810,292
– Grand City Hotel	408,760	405,727
Property investment	3,054,684	3,015,151
– 633 King's Road	2,243,416	2,173,146
– Shun Ho Tower	600,268	582,005
– Shops	211,000	260,000
Securities investment	268,625	297,333
	6,200,951	6,182,670
Unallocated assets	1,610,041	1,207,056
Consolidated assets	7,810,992	7,389,726

4. SEGMENT INFORMATION (Continued)

	As at 30th June, 2016 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2015 <i>HK\$'000</i> (Audited)
Segment liabilities		
Hospitality services	31,613	33,132
– Best Western Plus Hotel Kowloon	4,949	5,064
– Best Western Plus Hotel Hong Kong	5,186	4,834
– Magnificent International Hotel, Shanghai	1,747	1,139
– Best Western Hotel Causeway Bay	2,244	3,058
– Best Western Hotel Harbour View	3,034	4,524
– Best Western Grand Hotel	6,296	7,794
– Grand City Hotel	8,157	6,719
Property investment	43,546	44,879
– 633 King's Road	34,614	35,777
– Shun Ho Tower	6,708	6,578
– Shops	2,224	2,524
Securities investment	63	2
	75,222	78,013
Unallocated liabilities	1,104,245	731,642
Consolidated liabilities	1,179,467	809,655

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

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

5. FINANCE COSTS

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans	4,533	4,909
Advance from an intermediate holding company (note 20a)	15	252
Advance from ultimate holding company (note 20b)	9	9
	<u>4,557</u>	<u>5,170</u>
Less: amounts capitalised in properties under development	<u>-</u>	<u>(1,112)</u>
	<u><u>4,557</u></u>	<u><u>4,058</u></u>

6. INCOME TAX EXPENSE

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

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

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

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

7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

Profit for the period has been arrived at
after charging (crediting):

Release of prepaid lease payments for land	418	451
Depreciation of property, plant and equipment	40,506	35,714
Interest on bank deposits (included in other income and gains)	(1,384)	(4,779)
Loss (gain) on disposal of property, plant and equipment (included in other income and gains)	<u>104</u>	<u>(4,040)</u>

8. DIVIDEND

During the six months ended 30th June, 2016, a final dividend of HK4.8 cents per share for 511,613,000 shares, which have been excluded 68,140,000 shares held by a subsidiary of the Group, amounting to HK\$24,557,000 was declared and payable to shareholders for the year ended 31st December, 2015 (six months ended 30th June, 2015: nil).

The interim dividend in respect of the six months ended 30th June, 2016 of HK\$1.86 cents per share for 511,613,000 shares which have been excluded 68,140,000 shares held by a subsidiary of the Group, amounting to HK\$9,516,000 has been declared by the Board (six months ended 30th June, 2015: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the owners of the Company of HK\$141,683,000 (six months ended 30th June, 2015: HK\$60,252,000) and on 511,613,000 shares (six months ended 30th June, 2015: 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 exist during both periods.

10. PROPERTY, PLANT AND EQUIPMENT

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

11. INVESTMENT PROPERTIES

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

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

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

12. PROPERTIES UNDER DEVELOPMENT

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

13. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30th June, 2016 HK\$'000 (Unaudited)	As at 31st December, 2015 HK\$'000 (Audited)
Listed equity securities in Hong Kong, at fair value	264,574	296,553
Unlisted equity investments, at cost	780	780
	<u>265,354</u>	<u>297,333</u>

14. PAYMENTS FOR ACQUISITION OF AN INVESTMENT PROPERTY

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

15. TRADE AND OTHER RECEIVABLES

	As at 30th June, 2016 HK\$'000 (Unaudited)	As at 31st December, 2015 HK\$'000 (Audited)
Analysed for reporting as:		
Trade receivables	7,722	18,498
Other receivables	<u>5,352</u>	<u>2,622</u>
	<u>13,074</u>	<u>21,120</u>

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

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

16. PLEDGED BANK DEPOSITS

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

17. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30th June, 2016 HK\$'000 (Unaudited)	As at 31st December, 2015 HK\$'000 (Audited)
Analysed for reporting as:		
Trade payables	3,593	3,703
Dividend payable	31,946	5,173
Other payables and accruals (<i>note</i>)	33,155	25,687
	<u>68,694</u>	<u>34,563</u>

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

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

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

18. BANK LOANS

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

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

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Issued and fully paid:		
At 1st January, 2015 (audited)	537,077	387,308
Issue of shares (<i>note</i>)	<u>42,676</u>	<u>697,579</u>
At 31st December, 2015 (audited) and 30th June, 2016 (unaudited)	<u>579,753</u>	<u>1,084,887</u>

Note: During the year ended 31st December, 2015, the Company issued 42,676,000 ordinary shares for the acquisition of additional interests in certain subsidiaries.

At 30th June, 2016, the Company's 68,140,000 (31st December, 2015: 68,140,000) issued shares were held by a subsidiary of the Group. In accordance with the Hong Kong Companies Ordinance, members of the Group who are shareholders of the Company have no right to vote at meetings of the Company.

20. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
THE GROUP		
Shun Ho Holdings Limited (formerly known as 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)	15	252
Dividend declared	13,987	–
Trillion Resources Limited (the Company's ultimate holding company)		
Interest expenses on advance to the Group (note b)	9	9
Compensation of key management personnel (note c)	5,147	4,989

* exclude the Company and its subsidiaries

Notes:

- (a) The advance amounted to HK\$116,000 (31st December, 2015: HK\$674,000) which carried fixed interest at 5% (31st December, 2015: 5%) per annum and repayable on demand. The advance amounted to HK\$13,987,000 (31st December, 2015: nil) which is interest-free and repayable on 15th July, 2016. The remaining advance from an intermediate holding company carries interest at HIBOR plus 4% (31st December, 2015: HIBOR plus 4%) per annum and repayable on demand. The advance from an intermediate holding company is unsecured.
- (b) The advance from ultimate holding company is unsecured, carries interest at HIBOR plus 4% (31st December, 2015: HIBOR plus 4%) per annum and is repayable on demand.
- (c) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

21. PROJECT/CAPITAL COMMITMENTS

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

22. PLEDGE OF ASSETS

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

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

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th June, 2016 <i>HK\$'000</i> (Unaudited)	31st December, 2015 <i>HK\$'000</i> (Audited)		
Listed equity securities classified as available-for-sale investments	264,574	296,553	Level 1	Quoted bid prices in an active market

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