



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

**Interim Report 2019**

## CORPORATE INFORMATION

### **Executive Directors**

Mr. William Cheng Kai Man (*Chairman*)  
Mr. Albert Hui Wing Ho  
Madam Kimmy Lau Kam May  
Madam Jennie Wong Kwai Fong

### **Non-Executive Director**

Madam Mabel Lui Fung Mei Yee

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

Mr. Vincent Kwok Chi Sun  
Mr. Chan Kim Fai  
Mr. Lam Kwai Cheung

### **Company Secretary**

Madam Koo Ching Fan

### **Auditor**

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

### **Solicitors**

Withers  
20th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited

### **Registered Office**

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

### **Share Registrars**

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: 2980 1333

### **Company's Website**

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

## **INTERIM RESULTS**

The board of directors (the “Board”) of Shun Ho Property Investments Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before revaluation gain of investment properties and depreciation of land, property and equipment for the six months ended 30th June, 2019 was HK\$125 million (six months ended 30th June, 2018: HK\$119 million), increased by 5%.

## **INTERIM DIVIDEND**

The Board has resolved to declare the payment of an interim dividend of HK1.95 cents per share for the six months ended 30th June, 2019 (six months ended 30th June, 2018: HK1.95 cents per share) and will be payable on Friday, 26th June, 2020 to shareholders whose names appear on the register of members of the Company on Friday, 12th June, 2020.

## **BOOK CLOSURE**

The register of members will be closed from Wednesday, 10th June, 2020 to Friday, 12th June, 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 9th June, 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, the Group continued with its commercial properties investment and leasing, and through its major subsidiaries continued with the hotel investments and hotel management.

The net profit after tax attributable to owners of the Company before revaluation gain of investment properties and depreciation of land, property and equipment for the six months ended 30th June, 2019 was HK\$125 million (six months ended 30th June, 2018: HK\$119 million), increased by 5%.

	<b>Six months ended</b>		Change
	30.6.2018 <i>HK\$'000</i> (unaudited)	<b>30.6.2019</b> <b><i>HK\$'000</i></b> <b>(unaudited)</b>	
Revaluation profit of investment properties	202,635	<b>10,000</b>	-95%
Profit from operation of hotels	64,757	<b>64,655</b>	0%
Commercial properties rental net income	72,980	<b>73,354</b>	+1%
Income from securities investments	173	<b>163</b>	-6%
Other income and expenses and gains and losses	<u>5,948</u>	<u><b>8,788</b></u>	+48%
	346,493	<b>156,960</b>	-55%
Administrative expenses	(23,453)	<b>(24,382)</b>	+4%
Income tax expense	<u>(24,509)</u>	<u><b>(24,715)</b></u>	+1%
Profit after taxation	298,531	<b>107,863</b>	-64%
Non-controlling interests	<u>(20,143)</u>	<u><b>(16,397)</b></u>	-19%
Profit after taxation and non-controlling interests	278,388	<b>91,466</b>	-67%
Add: Properties depreciation and release of prepaid lease payments for land attributable to owners of the Company	42,118	<b>43,849</b>	+4%
Less: Revaluation profit of investment properties to owners of the Company	<u>(201,122)</u>	<u><b>(10,000)</b></u>	-95%
<b>Net profit after tax attributable to owners of the Company before revaluation gain of investment properties and depreciation of land, property and equipment</b>	<u><u>119,384</u></u>	<u><u><b>125,315</b></u></u>	+5%

## PERFORMANCE

### Hotel Business

The income from hotel operations of the Group amounted to HK\$289 million (six months ended 30th June, 2018: HK\$281 million), increased by 3%.

The Group owns 100% of Ramada Hong Kong Grand View, North Point. Ramada Hong Kong Grand View for the period was 99% occupancy.

The Group owns 71.09% of Magnificent Hotel Investments Limited (“Magnificent Hotel”) as its hotel investment subsidiary. The Group and Magnificent Hotel Group presently owns nine hotels, including: (1) Ramada Hong Kong Grand View, (2) Ramada Hong Kong Harbour View, (3) Best Western Plus Hotel Kowloon, (4) Best Western Plus Hotel Hong Kong, (5) Best Western Grand Hotel, (6) Best Western Hotel Causeway Bay, (7) Grand City Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 2,821 guest rooms and the Group is one of the largest hotel groups in Hong Kong.

The net profit after tax attributable to owners of Magnificent Hotel before revaluation gain of investment properties and depreciation of land, property and equipment for the six months ended 30th June, 2019 was HK\$99 million (six months ended 30th June, 2018: HK\$95 million), increased by 4%. The hotel revenue of Magnificent Hotel increased by 2% while profit from hotel operations decreased by 5%. The average occupancy in the Magnificent Hotel Group’s Hong Kong hotels was 99.5% (six months ended 30th June, 2018: 99.6%) and the average room rate was HK\$685 (six months ended 30th June, 2018: HK\$678). The major reason for the above increase in hotel revenue was due to increase in room rates.

During the period, Best Western Hotel Harbour View and Grand View Hotel were re-branded to the higher class **RAMADA HONG KONG HARBOUR VIEW** and **RAMADA HONG KONG GRAND VIEW** respectively.

As at 30th June, 2019, the valuation of the Royal Scot Hotel, London was GBP 95,000,000 against initial purchase cost GBP 70,000,000. From 22nd June, 2019, the annual rental income of the Royal Scot Hotel increased from GBP 3,137,000 to GBP 3,546,000, increased by 13%.

## Commercial Properties Rental Income

The commercial properties rental income was derived from the hotel property in UK, Royal Scot Hotel in London, 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\$81 million (six months ended 30th June, 2018: HK\$81 million).

The commercial properties rental income was analysed as follows:

	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	Change
Royal Scot Hotel	16,379	<b>15,565</b>	-5%
633 King's Road	50,802	<b>52,183</b>	+3%
Shun Ho Tower	12,219	<b>12,103</b> <i>(Note)</i>	-1%
Shops	<u>1,260</u>	<u><b>1,174</b></u>	-7%
<b>Total</b>	<u><u>80,660</u></u>	<u><u><b>81,025</b></u></u>	0%

*Note:* Non-controlling interest will be deducted in condensed consolidated statement of profit or loss.

- During the period, the decrease in rental income of Royal Scot Hotel in London because of the depreciation of Pound Sterling against Hong Kong dollars. The commercial building at 633 King's Road and Shun Ho Tower were almost fully occupied. The overall increase of office building rental was due to the renewal of leases during the period. The decrease in shop rental was due to providing of one month free rental period to a tenant in order to maintain long term good relationship.

During the period, the **administrative expenses** excluding depreciation was HK\$19.9 million (six months ended 30th June, 2018: HK\$19.5 million), representing cost for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

## LIQUIDITY

- As at 30th June, 2019, the overall debts of the Group including Magnificent Hotel and its subsidiaries was HK\$935 million (31st December, 2018: HK\$1,089 million). The bank loans decreased due to the repayment of bank borrowings during the period. The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) in terms of overall debts against funds employed was 11% (31st December, 2018: 13%).

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling. Accordingly, the Group exposes to exchange risk and management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

As at 30th June, 2019, the Group's **staffing level** did not have material change when compared with that of 31st December, 2018. Remuneration and benefit were set with reference to the market.

## LOOKING AHEAD

- Magnificent Hotel will continue its business of hotel investments and operations and will seek an opportunity to acquire more income-producing properties for increasing revenue. During the period, the hotel revenue of Magnificent Hotel modestly increased by 2%. Future improvement of hotel performances will be difficult because of large increase supply of hotel rooms in Hong Kong, competing room rate and occupancy, skilful labour shortage, most importantly, the large drop of Renminbi exchange rate will make Hong Kong a lesser desirable destination for the PRC visitors which account about 70% of the market.
- The Group will continue its management and investment of 633 King's Road, Shun Ho Towers, Ice House Street and the income from the investment of Ramada Hong Kong Grand View.
- With the current political crisis and violent street protests, there is a large reduction of visitors to Hong Kong. Until the crisis is well over, our Group's hotels may suffer substantial reduction in hotel revenue which may affect profitability and dividend payment of the year.
- The management will try to seek an opportunities to further increase overall revenue and operating profit by acquisition of income-producing properties.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the period and up to the date of this report as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 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, 2019, 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	367,671,999 (Note)	63.42
Jennie Wong Kwai Fong	Beneficial owner	Personal	6,000	0.00

*Note:* Omnico Company Inc., Mercury Fast Limited and Trillion Resources Limited beneficially owned 281,904,489 shares of the Company (the "Shares") (48.63%), 68,139,510 Shares (11.75%) and 17,628,000 Shares (3.04%) 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”) <i>(Note 1)</i>	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Shun Ho Holdings Limited (“Shun Ho Holdings”) <i>(Note 2)</i>	Interest of controlled corporations	Corporate	216,608,825	71.20
William Cheng Kai Man	Trillion Resources Limited (“Trillion Resources”) <i>(Note 3)</i>	Beneficial owner	Personal	1	100
Jennie Wong Kwai Fong	Magnificent Hotel	Beneficial owner	Personal	6,425	0.00
Jennie Wong Kwai Fong	Shun Ho Holdings	Beneficial owner	Personal	8,100	0.00

### 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 and was amended at the annual general meeting held on 18th June, 2014 (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, as at 30th June, 2019, 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, 2019, 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 Hotel (Note 1)	Interest of controlled corporation	68,139,510	11.75
Omnico Company Inc. ("Omnico") (Note 2)	Beneficial owner and interest of controlled corporation	350,043,999	60.38
Shun Ho Holdings (Note 3)	Interest of controlled corporations	366,943,999	63.29
Trillion Resources (Note 3)	Interest of controlled corporations	366,943,999	63.29
Liza Lee Pui Ling (Note 4)	Interest of spouse	366,943,999	63.29
Credit Suisse Trust Limited (Note 5)	Interest in persons acting in concert	58,225,591	10.04

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares/underlying Shares held</b>	<b>Approximate % of shareholding</b>
Hashim Hashim Abdullah <i>(Note 5)</i>	Interest of controlled corporations	58,225,591	10.04
North Salomon Limited <i>(Note 5)</i>	Interest in persons acting in concert	58,225,591	10.04
Saray Capital Limited <i>(Note 5)</i>	Interest of controlled corporations	58,225,591	10.04
Saray Developed Markets Value Fund <i>(Note 5)</i>	Beneficial owner and interest in persons acting in concert	58,225,591	10.04
Saray Equities Investment Management <i>(Note 5)</i>	Investment manager	58,225,591	10.04
Saray Value SPV Asia I <i>(Note 5)</i>	Beneficial owner and interest in persons acting in concert	58,225,591	10.04
Shobokshi Hussam <i>(Note 5)</i>	Interest in persons acting in concert	58,225,591	10.04

*Notes:*

1. Mercury was a wholly-owned subsidiary of Magnificent Hotel.
2. Omnico beneficially owned 281,904,489 Shares and was taken to be interested 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 Group, the Company was in turn directly and indirectly owned as to 60.38% by Omnico.
3. Omnico was wholly-owned by 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 366,943,999 Shares, representing 63.29% by virtue of their direct or indirect interests in Omnico and Shun Ho Holdings' another subsidiary which beneficially owned 16,900,000 Shares, representing 2.91%.
4. Madam Liza Lee Pui Ling was deemed to be interested in 366,943,999 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.

5. Saray Developed Markets Value Fund beneficially held 30,591,785 Shares. Saray Value SPV Asia I beneficially held 27,633,806 Shares. Both Saray Value SPV Asia I and Saray Developed Markets Value Fund were wholly-owned subsidiaries of Saray Equities Investment Management. Therefore, Saray Developed Markets Value Fund had interest in person acting in concert of 27,633,806 Shares and Saray Value SPV Asia I had interest in person acting in concert of 30,591,785 Shares. Saray Equities Investment Management was held by Saray Capital Limited as to 100%. Saray Capital Limited was held by Hashim Hashim Abdullah as to 45%. Therefore, total number of Shares in which Saray Developed Markets Value Fund, Saray Value SPV Asia I, Saray Equities Investment Management, Saray Capital Limited and Hashim Hashim Abdullah were interested under section 317 and 318 of SFO was 58,225,591 Shares.

Shobokshi Hussam, North Salomon Limited, Saray Value SPV Asia I and Saray Developed Markets Value Fund were parties to an agreement under section 317 of SFO. North Salomon Limited was held by Credit Suisse Trust Limited as to 100%. Therefore, total number of Shares in which Shobokshi Hussam, North Salomon Limited and Credit Suisse Trust Limited were interested under section 317 and 318 of SFO was 58,225,591 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, 2019 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 14 of this interim report. The interim results and the interim report 2019 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, 2019, 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 three 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, 19th August, 2019

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Property Investments Limited (the “Company”) and its subsidiaries set out on pages 15 to 42, which comprise the condensed consolidated statement of financial position as of 30th June, 2019 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 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  
19th August, 2019

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2019**

	NOTES	Six months ended 30th June,	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	370,197	361,840
Cost of sales		(2,253)	(2,353)
Other service costs		(167,132)	(156,489)
Depreciation of property, plant and equipment and release of prepaid lease payments for land/depreciation of right-of-use assets		(51,469)	(49,434)
Gross profit		149,343	153,564
Increase in fair value of investment properties		10,000	202,635
Other income and expenses and gains and losses		8,788	5,948
Administrative expenses		(24,382)	(23,453)
– Depreciation		(4,460)	(3,945)
– Others		(19,922)	(19,508)
Finance costs	5	(11,171)	(15,654)
Profit before taxation		132,578	323,040
Income tax expense	6	(24,715)	(24,509)
Profit for the period	7	107,863	298,531
Profit for the period attributable to:			
Owners of the Company		91,466	278,388
Non-controlling interests		16,397	20,143
		107,863	298,531
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic		17.88	54.41
Diluted		N/A	N/A



**CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2019*

	<b>Six months ended 30th June,</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<u><b>107,863</b></u>	<u>298,531</u>
<b>Other comprehensive expense</b>		
<b>Item that will not be reclassified to profit or loss</b>		
Fair value loss on equity instruments at fair value through other comprehensive income	(455)	(3,441)
<b>Item that may be subsequently reclassified to profit or loss</b>		
Exchange differences arising on translation of foreign operations	<u>(1,413)</u>	<u>(11,253)</u>
Other comprehensive expense for the period	<u><b>(1,868)</b></u>	<u>(14,694)</u>
Total comprehensive income for the period	<u><b>105,995</b></u>	<u>283,837</u>
Total comprehensive income attributable to:		
Owners of the Company	<b>90,139</b>	267,941
Non-controlling interests	<u><b>15,856</b></u>	<u>15,896</u>
	<u><b>105,995</b></u>	<u>283,837</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2019

	NOTES	As at 30th June, 2019 HK\$'000 (Unaudited)	As at 31st December, 2018 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,764,078	3,833,997
Right-of-use assets		27,513	–
Prepaid lease payments for land		–	27,105
Investment properties	11	5,024,600	5,016,500
Equity instruments at fair value through other comprehensive income		142,412	142,867
Deposit paid for acquisition of property, plant and equipment		5,800	–
		<u>8,964,403</u>	<u>9,020,469</u>
<b>CURRENT ASSETS</b>			
Inventories		1,316	1,459
Prepaid lease payments for land		–	815
Trade and other receivables	12	18,820	31,980
Other deposits and prepayments		16,544	12,776
Bank balances and cash		576,663	582,651
		<u>613,343</u>	<u>629,681</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	13	33,761	36,222
Rental and other deposits received		28,524	22,616
Contract liabilities		5,825	5,031
Amount due to an intermediate holding company	16(a)	–	5,827
Tax liabilities		34,154	16,414
Bank loans	14	214,604	272,850
		<u>316,868</u>	<u>358,960</u>
<b>NET CURRENT ASSETS</b>		<u>296,475</u>	<u>270,721</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,260,878</u>	<u>9,291,190</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION – *continued***  
*AT 30TH JUNE, 2019*

	<i>NOTES</i>	<b>As at 30th June, 2019 <i>HK\$'000</i> (Unaudited)</b>	As at 31st December, 2018 <i>HK\$'000</i> (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>1,084,887</b>	1,084,887
Reserves		<b><u>6,112,107</u></b>	<u>6,047,446</u>
Equity attributable to owners of the Company		<b>7,196,994</b>	7,132,333
Non-controlling interests		<b><u>1,155,096</u></b>	<u>1,156,104</u>
<b>TOTAL EQUITY</b>		<b><u>8,352,090</u></b>	<u>8,288,437</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans	<i>14</i>	<b>719,994</b>	810,674
Rental deposits received		<b>23,760</b>	28,557
Deferred tax liabilities		<b><u>165,034</u></b>	<u>163,522</u>
		<b><u>908,788</u></b>	<u>1,002,753</u>
		<b><u><u>9,260,878</u></u></b>	<u><u>9,291,190</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2019

	Attributable to owners of the Company											
	Share capital HK\$'000	Capital reserve HK\$'000 (Note a)	Property revaluation reserve HK\$'000 (Note b)	Securities revaluation reserve HK\$'000	General reserve HK\$'000	Foreign currency translation reserve HK\$'000	Own shares held by a subsidiary HK\$'000 (Note c)	Other reserve HK\$'000 (Note d)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2018 (audited)	1,084,887	4,181	50,186	84,367	263	(9,351)	(12,271)	498,660	4,912,893	6,613,815	1,115,928	7,729,743
Profit for the period	-	-	-	-	-	-	-	-	278,388	278,388	20,143	298,531
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(2,447)	-	-	-	-	-	(2,447)	(994)	(3,441)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(8,000)	-	-	-	(8,000)	(3,253)	(11,253)
Total comprehensive (expense) income for the period	-	-	-	(2,447)	-	(8,000)	-	-	278,388	267,941	15,896	283,837
Final dividend paid for the year ended 31st December, 2017 (note 8)	-	-	-	-	-	-	-	-	(24,250)	(24,250)	-	(24,250)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,217)	(16,217)
At 30th June, 2018 (unaudited)	<u>1,084,887</u>	<u>4,181</u>	<u>50,186</u>	<u>81,920</u>	<u>263</u>	<u>(17,351)</u>	<u>(12,271)</u>	<u>498,660</u>	<u>5,167,031</u>	<u>6,857,506</u>	<u>1,115,607</u>	<u>7,973,113</u>
At 1st January, 2019 (audited)	<u>1,084,887</u>	<u>4,181</u>	<u>50,186</u>	<u>62,874</u>	<u>263</u>	<u>(39,168)</u>	<u>(12,271)</u>	<u>498,660</u>	<u>5,482,721</u>	<u>7,132,333</u>	<u>1,156,104</u>	<u>8,288,437</u>
Profit for the period	-	-	-	-	-	-	-	-	91,466	91,466	16,397	107,863
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(323)	-	-	-	-	-	(323)	(132)	(455)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,004)	-	-	-	(1,004)	(409)	(1,413)
Total comprehensive (expense) income for the period	-	-	-	(323)	-	(1,004)	-	-	91,466	90,139	15,856	105,995
Final dividend paid for the year ended 31st December, 2018 (note 8)	-	-	-	-	-	-	-	-	(25,478)	(25,478)	-	(25,478)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,864)	(16,864)
At 30th June, 2019 (unaudited)	<u>1,084,887</u>	<u>4,181</u>	<u>50,186</u>	<u>62,551</u>	<u>263</u>	<u>(40,172)</u>	<u>(12,271)</u>	<u>498,660</u>	<u>5,548,709</u>	<u>7,196,994</u>	<u>1,155,096</u>	<u>8,352,090</u>

## Notes:

- The capital reserve was created by capital reduction of the Company on 28th June, 1988.
- 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.
- 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.
- The other reserve was resulted from the acquisition of additional interest or disposal of partial interest in subsidiaries without losing control in previous years.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2019**

	<b>Six months</b>	
	<b>ended 30th June,</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash from operating activities	<b><u>196,144</u></b>	<u>208,479</u>
Net cash from (used in) investing activities		
Expenditure on properties under development	–	(851)
Acquisition of property, plant and equipment	<b>(3,872)</b>	(3,703)
Payments for acquisition of subsidiaries	–	(38,191)
Proceeds from disposal of property, plant and equipment	<b>21,587</b>	122
Deposit paid for acquisition of property, plant and equipment	<b><u>(5,800)</u></b>	<u>–</u>
	<b><u>11,915</u></b>	<u>(42,623)</u>
Net cash used in financing activities		
Interest paid	<b>(11,171)</b>	(15,712)
Repayment of bank loans	<b>(148,355)</b>	(65,034)
Dividends paid to shareholders	<b>(54,388)</b>	(51,975)
Repayment to ultimate holding company	<b><u>–</u></b>	<u>(2,502)</u>
	<b><u>(213,914)</u></b>	<u>(135,223)</u>
Net (decrease) increase in cash and cash equivalents	<b>(5,855)</b>	30,633
Cash and cash equivalents at the beginning of the period	<b>582,651</b>	901,569
Effect of foreign exchange rate changes	<b><u>(133)</u></b>	<u>(1,164)</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<b><u><u>576,663</u></u></b>	<u><u>931,038</u></u>

# **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2019*

## **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.

The financial information relating to the year ended 31st December, 2018 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, 2018 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, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2018.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### **2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases”***

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

##### **2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16***

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

#### **Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued*

##### 2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16 – continued*

###### **As a lessee**

###### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

###### Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to lease of office premises that has a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.



## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued*

##### 2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16 – continued*

###### **As a lessee – *continued***

###### Right-of-use assets – *continued*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

###### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

###### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

###### **As a lessor**

###### Allocation of consideration to components of a contract

Effective on 1st January, 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

###### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued*

##### 2.1.2 *Transition and summary of effects arising from initial application of HKFRS 16*

###### **Definition of a lease**

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st January, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

###### **As a lessee**

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st January, 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients of elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within twelve months of the date of initial application to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	<b>At 1st January, 2019 HK\$’000</b>
Operating lease commitments disclosed as at 31st December, 2018	1,620
Less: Recognition exemption – low-value assets	<u>(1,620)</u>
	<u><u>–</u></u>

2. **PRINCIPAL ACCOUNTING POLICIES – continued**

**Application of new and amendments to HKFRSs – continued**

**2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued**

*2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 – continued*

**As a lessee – continued**

The carrying amount of right-of-use assets as at 1st January, 2019 comprises the following:

	<b>Right-of- use assets</b> <i>HK\$’000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16:	
Reclassified from prepaid lease payments for land ( <i>note</i> )	<u>27,920</u>
Analysed as:	
Leasehold lands	<u>27,920</u>

*Note:* Upfront payment for leasehold land in the People’s Republic of China (the “PRC”) was classified as prepaid lease payments as at 31st December, 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$815,000 and HK\$27,105,000 respectively were reclassified to right-of-use assets.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.1 *Impacts and changes in accounting policies of application on HKFRS 16 “Leases” – continued*

##### 2.1.2 *Transition and summary of effects arising from initial application of HKFRS 16 – continued*

###### **As a lessor**

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1st January, 2019. The application has had no impact on the Group’s condensed consolidated statement of financial position at 1st January, 2019. However, effective 1st January, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.2 *Impacts and changes in accounting policies of application of other new and amendments to HKFRSs*

##### ***Impacts and changes in accounting policies of application on HK(IFRIC)-Int 23 “Uncertainty over Income Tax Treatments”***

HK(IFRIC)-Int 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The application of HK(IFRIC)-Int 23 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.

##### ***Impacts and changes in accounting policies of application on Amendments to HKFRS 9 “Prepayment Features with Negative Compensation”***

The amendments clarify that for the purpose of assessing whether a prepayment feature meets the condition of representing solely payments of principal and interest on the principal amount outstanding (“SPPI”), the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason i.e. prepayment features with negative compensation do not automatically fail SPPI.

The application of the amendments 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.

## 2. PRINCIPAL ACCOUNTING POLICIES – *continued*

### Application of new and amendments to HKFRSs – *continued*

#### 2.2 *Impacts and changes in accounting policies of application of other new and amendments to HKFRSs – continued*

##### ***Impacts and changes in accounting policies of application on Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle***

The annual improvement packages amended the following four standards.

##### *HKAS 12 “Income Taxes”*

The Group recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

##### *HKAS 23 “Borrowing Costs”*

For any specific borrowing that remains outstanding after the related qualifying asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalisation rate on general borrowings.

##### *HKFRS 3 “Business Combinations”*

When the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

The application of Amendments to HKFRSs Annual Improvement to HKFRSs 2015-2017 Cycle 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, property rental and dividend income, and is analysed as follows:

	<b>Six months ended 30th June,</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Income from operation of hotels	<b>289,009</b>	281,007
Income from property rental	<b>81,025</b>	80,660
Dividend income	<b>163</b>	173
	<b><u>370,197</u></b>	<u>361,840</u>

Disaggregation of revenue for hospitality services segment:

	<b>Six months ended 30th June,</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Types of goods or services (time of revenue recognition):		
Room revenue and other ancillary services (recognised over time)	<b>278,795</b>	270,205
Food and beverage (recognised at a point in time)	<b>10,214</b>	10,802
	<b><u>289,009</u></b>	<u>281,007</u>

	<b>Six months ended 30th June,</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Geographical markets:		
Hong Kong	<b>280,859</b>	271,208
The PRC	<b>8,150</b>	9,799
	<b><u>289,009</u></b>	<u>281,007</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 – Ramada Hong Kong Harbour View
6. Hospitality services – Best Western Grand Hotel
7. Hospitality services – Grand City Hotel
8. Hospitality services – Ramada Hong Kong Grand View
9. Property investment – 633 King's Road
10. Property investment – Shun Ho Tower
11. Property investment – Shops and hotel
12. Securities investment

Information regarding the above segments is reported below.

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		Six months	
	ended 30th June,		ended 30th June,	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	<b>289,009</b>	281,007	<b>68,472</b>	72,894
– Best Western Plus Hotel Kowloon	<b>36,326</b>	31,652	<b>3,912</b>	2,842
– Best Western Plus Hotel Hong Kong	<b>43,122</b>	40,858	<b>16,424</b>	15,463
– Magnificent International Hotel, Shanghai	<b>8,150</b>	9,799	<b>11</b>	1,548
– Best Western Hotel Causeway Bay	<b>31,573</b>	32,803	<b>6,562</b>	8,301
– Ramada Hong Kong Harbour View	<b>51,823</b>	50,669	<b>18,981</b>	20,348
– Best Western Grand Hotel	<b>52,349</b>	53,184	<b>10,528</b>	12,813
– Grand City Hotel	<b>25,027</b>	25,030	<b>6,048</b>	7,479
– Ramada Hong Kong Grand View	<b>40,639</b>	37,012	<b>6,006</b>	4,100
Property investment	<b>81,025</b>	80,660	<b>90,708</b>	283,132
– 633 King's Road	<b>52,183</b>	50,802	<b>61,965</b>	210,700
– Shun Ho Tower	<b>12,103</b>	12,219	<b>12,004</b>	49,558
– Shops and hotel	<b>16,739</b>	17,639	<b>16,739</b>	22,874
Securities investment	<b>163</b>	173	<b>163</b>	173
	<b><u>370,197</u></b>	<b><u>361,840</u></b>	<b><u>159,343</u></b>	<b><u>356,199</u></b>
Other income and expenses and gains and losses			<b>8,788</b>	5,948
Central administration costs and directors' emoluments			<b>(24,382)</b>	(23,453)
Finance costs			<b>(11,171)</b>	(15,654)
Profit before taxation			<b><u>132,578</u></b>	<b><u>323,040</u></b>



#### 4. SEGMENT INFORMATION – *continued*

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

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

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

	<b>As at 30th June, 2019 HK\$'000 (Unaudited)</b>	As at 31st December, 2018 HK\$'000 (Audited)
<b>Segment assets</b>		
Hospitality services	<b>3,662,745</b>	3,718,796
– Best Western Plus Hotel Kowloon	<b>377,347</b>	389,022
– Best Western Plus Hotel Hong Kong	<b>318,872</b>	320,534
– Magnificent International Hotel, Shanghai	<b>70,381</b>	70,679
– Best Western Hotel Causeway Bay	<b>320,823</b>	327,868
– Ramada Hong Kong Harbour View	<b>502,229</b>	506,924
– Best Western Grand Hotel	<b>705,258</b>	721,810
– Grand City Hotel	<b>391,045</b>	395,058
– Ramada Hong Kong Grand View	<b>976,790</b>	986,901
Property investment	<b>5,031,120</b>	5,023,300
– 633 King's Road	<b>3,085,010</b>	3,075,734
– Shun Ho Tower	<b>848,217</b>	848,266
– Shops and hotel	<b>1,097,893</b>	1,099,300
Securities investment	<b>142,412</b>	144,196
Total segment assets	<b>8,836,277</b>	8,886,292
Unallocated assets	<b>741,469</b>	763,858
<b>Consolidated assets</b>	<b>9,577,746</b>	9,650,150

#### 4. SEGMENT INFORMATION – *continued*

	As at <b>30th June,</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2018 <i>HK\$'000</i> <b>(Audited)</b>
<b>Segment liabilities</b>		
Hospitality services	<b>34,974</b>	27,886
– Best Western Plus Hotel Kowloon	<b>5,132</b>	5,714
– Best Western Plus Hotel Hong Kong	<b>5,562</b>	3,899
– Magnificent International Hotel, Shanghai	<b>1,965</b>	1,256
– Best Western Hotel Causeway Bay	<b>3,410</b>	2,540
– Ramada Hong Kong Harbour View	<b>5,888</b>	4,687
– Best Western Grand Hotel	<b>5,715</b>	4,372
– Grand City Hotel	<b>2,656</b>	1,812
– Ramada Hong Kong Grand View	<b>4,646</b>	3,606
Property investment	<b>52,278</b>	50,437
– 633 King’s Road	<b>33,271</b>	31,913
– Shun Ho Tower	<b>8,401</b>	8,106
– Shops and hotel	<b>10,606</b>	10,418
Securities investment	<u>2</u>	<u>2</u>
Total segment liabilities	<b>87,254</b>	78,325
Unallocated liabilities	<b>1,138,402</b>	1,283,386
<b>Consolidated liabilities</b>	<b><u>1,225,656</u></b>	<b><u>1,361,711</u></b>

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) and bank balances and cash; and
- all liabilities are allocated to operating and reportable segments other than the Group’s head office corporate liabilities, amount due to an intermediate holding company, bank loans, tax payable and deferred tax liabilities.

## 5. FINANCE COSTS

	<b>Six months ended 30th June, 2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interests on bank loans	<u><b>11,171</b></u>	<u>15,654</u>

## 6. INCOME TAX EXPENSE

	<b>Six months ended 30th June, 2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	20,798	18,946
The PRC	–	339
The United Kingdom (the “UK”)	<u>2,507</u>	<u>2,713</u>
	<b>23,305</b>	21,998
Overprovision in prior years		
The UK	<u>(102)</u>	<u>(63)</u>
	<b>23,203</b>	21,935
Deferred tax	<u>1,512</u>	<u>2,574</u>
	<u><b>24,715</b></u>	<u>24,509</u>

Hong Kong Profits Tax is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2019 (six months ended 30th June, 2018: 16.5%).

Taxation arising in the PRC and the UK are 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 were charged to profit or loss for the six months ended 30th June, 2019 (charged to profit or loss for the six months ended 30th June, 2018: HK\$102,000).

## 7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	–	425
Depreciation of right-of-use assets	407	–
Depreciation of property, plant and equipment	55,522	52,954
Interest on bank deposits ( <i>Note</i> )	(4,955)	(5,000)
(Gain) loss on disposal of property, plant and equipment ( <i>Note</i> )	<u>(3,318)</u>	<u>79</u>

*Note:* The amounts are included in other income and expenses and gains and losses.

## 8. DIVIDEND

During the six months ended 30th June, 2019, a final dividend of HK4.98 cents per share amounting to HK\$25,478,000 was declared and paid to shareholders for the year ended 31st December, 2018 (six months ended 30th June, 2018: a final dividend of HK4.74 cents per share amounting to HK\$24,250,000 was paid to shareholders for the year ended 31st December, 2017).

The interim dividend in respect of the six months ended 30th June, 2019 of HK1.95 cents per share amounting to HK\$9,976,000 has been declared by the Board (six months ended 30th June, 2018: HK1.95 cents per share amounting to HK\$9,976,000).

The distribution has been excluded 68,140,000 shares held by a subsidiary of the Group.

## 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\$91,466,000 (six months ended 30th June, 2018: HK\$278,388,000) and on 511,613,000 shares (six months ended 30th June, 2018: 511,613,000 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, 2019, the Group has acquired property, plant and equipment of HK\$3,872,000 (six months ended 30th June, 2018: HK\$41,894,000).

The Group has disposed of property, plant and equipment with carrying amount of HK\$18,269,000 (six months ended 30th June, 2018: HK\$201,000) during the period.

## **11. INVESTMENT PROPERTIES**

The fair values of the Group's investment properties at 30th June, 2019 and 31st December, 2018 have been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited and Allsop LLP, independent qualified professional valuers not connected with the Group. The valuation reports on these properties are signed by a director of Cushman & Wakefield Limited who is a member of The Hong Kong Institute of Surveyors and a partner of Allsop LLP who is a member of the Royal Institution of Chartered Surveyors, and were arrived at by adopting the income capitalisation method and 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\$4,985 million (31st December, 2018: HK\$4,977 million) were rented out under operating leases at the end of the reporting period. Outgoing expense for investment properties that are not generating income during the period are insignificant. The resulting gain on fair value changes of investment properties of HK\$10,000,000 has been recognised directly in profit or loss for the six months ended 30th June, 2019 (six months ended 30th June, 2018: HK\$202,635,000).

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

The income capitalisation approach estimates the values of the properties on an open market basis by capitalising rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised on a fully leased basis. In this approach, the valuers have considered the term yield and reversionary yield. The term yield is used for capitalisation of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income.

## 12. TRADE AND OTHER RECEIVABLES

	<b>As at 30th June, 2019 HK\$'000 (Unaudited)</b>	As at 31st December, 2018 HK\$'000 (Audited)
Trade receivables	<b>11,344</b>	24,604
Other receivables	<b>7,476</b>	7,376
	<b><u>18,820</u></b>	<u>31,980</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 customers. The following is an aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period:

	<b>As at 30th June, 2019 HK\$'000 (Unaudited)</b>	As at 31st December, 2018 HK\$'000 (Audited)
Not yet due	<b>11,034</b>	23,385
Overdue:		
0 – 30 days	<b>159</b>	1,057
31 – 60 days	<b>81</b>	119
61 – 90 days	<b>70</b>	43
	<b><u>11,344</u></b>	<u>24,604</u>

### 13. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>As at 30th June, 2019 HK\$'000 (Unaudited)</b>	As at 31st December, 2018 HK\$'000 (Audited)
Trade payables	4,243	4,072
Other payables and accruals	<u>29,518</u>	<u>32,150</u>
	<u><b>33,761</b></u>	<u><b>36,222</b></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:

	<b>As at 30th June, 2019 HK\$'000 (Unaudited)</b>	As at 31st December, 2018 HK\$'000 (Audited)
0 – 30 days	4,204	3,979
31 – 60 days	39	72
61 – 90 days	<u>–</u>	<u>21</u>
	<u><b>4,243</b></u>	<u><b>4,072</b></u>

## 14. BANK LOANS

	As at <b>30th June,</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2018 <i>HK\$'000</i> <b>(Audited)</b>
Secured bank loans	<u><b>934,598</b></u>	<u>1,083,524</u>
Carrying amounts of bank loans that do not contain a repayment on demand clause:		
Repayable within one year from the end of the reporting period	<b>60,239</b>	60,280
Not repayable within one year from the end of the reporting period	<u><b>719,994</b></u>	<u>810,674</u>
	<u><b>780,233</b></u>	<u>870,954</u>
Carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but:		
Repayable within one year from the end of the reporting period	<b>84,913</b>	116,405
Not repayable within one year from the end of the reporting period shown under current liabilities	<u><b>69,452</b></u>	<u>96,165</u>
	<u><b>154,365</b></u>	<u>212,570</u>
	<u><b>934,598</b></u>	<u>1,083,524</u>
Amounts shown under current liabilities	<b>214,604</b>	272,850
Amounts shown under non-current liabilities	<u><b>719,994</b></u>	<u>810,674</u>
	<u><b>934,598</b></u>	<u>1,083,524</u>

All the Group's bank loans are floating rate borrowings. The bank loans are secured over certain of the Group's assets as disclosed in note 18. Effective interest rate is 2.21% per annum (31st December, 2018: 2.18% per annum).



## 15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Issued and fully paid:		
At 1st January, 2018 (audited), 30th June, 2018 (unaudited), 31st December, 2018 (audited) and 30th June, 2019 (unaudited)	<u>579,753</u>	<u>1,084,887</u>

At 30th June, 2019, the Company's 68,140,000 (31st December, 2018: 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.

## 16. 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,	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Shun Ho Holdings Limited (the Company's intermediate holding company) and its subsidiaries*</b>		
Corporate management fee income for administrative facilities provided	150	75
Dividend paid ( <i>note a</i> )	14,915	14,106
Compensation of key management personnel ( <i>note b</i> )	<u>8,422</u>	<u>7,727</u>

\* exclude the Company and its subsidiaries

*Notes:*

- (a) As at 31st December, 2018, the amount due to an intermediate holding company was unsecured, interest-free and repayable on 28th June, 2019. The advance was fully repaid during the six months ended 30th June, 2019.
- (b) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

## 17. PROJECT/CAPITAL COMMITMENTS

The Group had outstanding commitments contracted for but not provided in the condensed consolidated financial statements in respect of expenditure on property, plant and equipment amounted HK\$382,000 (31st December, 2018: HK\$382,000).

## 18. PLEDGE OF ASSETS/REVENUE

At the end of reporting period, 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 as at 30th June, 2019 of approximately HK\$4,177 million (31st December, 2018: HK\$4,169 million) and HK\$3,428 million (31st December, 2018: HK\$2,268 million), respectively;
- (b) pledge of shares in certain subsidiaries with an aggregate net asset value as at 30th June, 2019 of approximately HK\$3,918 million (31st December, 2018: HK\$970 million); and
- (c) assignment of the Group's rentals and hotel revenue respectively.

## 19. 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).

**19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS –  
*continued***

**Fair value of the Group’s financial assets that are measured at fair value on a recurring basis – *continued***

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th June, 2019 <i>HK\$’000</i> (Unaudited)	31st December, 2018 <i>HK\$’000</i> (Audited)		
Equity instrument at fair value through other comprehensive income	<b>142,412</b>	142,867	Level 1	Quoted bid prices in an active market

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.