



SHUN HO HOLDINGS LIMITED

順豪控股有限公司

(Stock Code: 253)

Interim Report 2023

CORPORATE INFORMATION

Executive Directors

Mr. William CHENG Kai Man (*Chairman*)
Mr. Albert HUI Wing Ho
Madam Kimmy LAU Kam May
Madam NG Yuet Ying
Madam Wendy CHENG Wai Kwan

Non-executive Director

Madam Mabel LUI FUNG Mei Yee

Independent Non-executive Directors

Mr. CHAN Kim Fai
Mr. LAM Kwai Cheung
Mr. Warren LIU Yuk Cho

Company Secretary

Madam KOO Ching Fan

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Solicitor

Withers
30th Floor
United Centre
95 Queensway
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 Registrar

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: 2980 1333

Company's Website

www.shunho.com.hk

INTERIM RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Shun Ho Holdings Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the six months ended 30th June, 2023 was HK\$24 million (six months ended 30th June, 2022: HK\$84 million), decreased by HK\$60 million.

INTERIM DIVIDEND

In deciding whether to distribute the interim dividend and its amount, the Board has reviewed the Company’s adopted dividend policy and does not recommend the payment of interim dividend for the six months ended 30th June, 2023 (six months ended 30th June, 2022: Nil) for the following reasons during the period:

- i) reduction of major source of income from office rental;
- ii) significant reduction of hotel operating profit due to lower room rates and higher operating costs under slow recovery of tourism industry;
- iii) higher interest expenses;
- iv) repair and maintenance of Grand Bay View Hotel; and
- v) cost of repair and maintenance of each of our quarantine hotels to become hotels of satisfactory standard.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period, the Group through its major subsidiaries continued with its commercial property investment, property leasing and property development, and hotel investments and hotel management.

The net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the six months ended 30th June, 2023 was HK\$24 million (six months ended 30th June, 2022: HK\$84 million), decreased by HK\$60 million.

PERFORMANCE

1. Hotel Business

The income from hotel operations of the Group amounted to HK\$191 million (six months ended 30th June, 2022: HK\$286 million), decreased by 33%.

The Group owns 66.18% of Shun Ho Property Investments Limited (“Shun Ho Property”) which holds 71.09% of Magnificent Hotel Investments Limited (“Magnificent Hotel”, together with its subsidiaries, “Magnificent Hotel Group”) as its hotel investment subsidiary. The Group and Magnificent Hotel Group presently own 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) Ramada Hong Kong Grand, (6) Best Western Hotel Causeway Bay, (7) Grand Bay View Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 3,042 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 depreciation of land, property and equipment for the six months ended 30th June, 2023 was HK\$18 million (six months ended 30th June, 2022: HK\$145 million), decreased by HK\$127 million.

	Six months ended		
	30.6.2022	30.6.2023	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	
Profit from operation of hotels	126,031	16,471	-87%
Profit from property investments	16,989	12,629	-26%
Income from securities investments	42	45	+7%
Other income and gain and losses	<u>3,554</u>	<u>3,618</u>	+2%
	146,616	32,763	-78%
Administrative expenses	(18,065)	(51,110)	+183%
Income tax (expense) credit	<u>(22,546)</u>	<u>486</u>	N/A
Profit (loss) after taxation	106,005	(17,861)	N/A
Non-controlling interests	<u>(47)</u>	<u>(59)</u>	+26%
Profit (loss) after taxation and non-controlling interests	105,958	(17,920)	N/A
Add: Properties depreciation and release of prepaid lease payments for land	<u>38,666</u>	<u>35,820</u>	-7%
Net profit after tax attributable to owners of the Company before depreciation of land, property and equipment	<u><u>144,624</u></u>	<u><u>17,900</u></u>	-88%

The overall decrease in profit for the six months ended 30th June, 2023 was mainly due to decrease in hotel revenue and increase in hotel operating costs, repair and maintenance costs and finance costs.

During the period, the total income for the Magnificent Hotel Group decreased by 35% from HK\$279 million to HK\$182 million compared with last year. The decrease in hotel revenue was due to lower room rates as compared to those during quarantine hotel services for the six months ended 30th June, 2022.

As at 30th June, 2023, an independent third-party valuation of Royal Scot Hotel, London was GBP88,500,000 (as at 31st December, 2022: GBP88,500,000). Future prospect of rental increase of the Royal Scot Hotel is encouraging because annual rent increase (once every 5 years) is linked with the United Kingdom Retail Price Index, which is currently maintained at 40-year high at 10.7% in June 2023. The rental income of Royal Scot Hotel, London for the period was GBP1,768,000 (six months ended 30th June, 2022: GBP1,768,000).

2. 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 Hong Kong and Ramada Hong Kong Grand amounted to HK\$60 million (six months ended 30th June, 2022: HK\$77 million).

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$55.7 million (six months ended 30th June, 2022: HK\$25.8 million). The increase was mainly due to pre-operating expenses, repair and maintenance of Grand Bay View Hotel which amounted to HK\$29 million.

LIQUIDITY

As at 30th June, 2023, the **OVERALL DEBTS** of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries were HK\$1,085 million (31st December, 2022: HK\$1,102 million). The decrease in overall debts was due to the repayment of bank borrowings during the period. The gearing ratio of the Group in terms of overall debts against funds employed was 13% (31st December, 2022: 13%).

As at 30th June, 2023, the debt ratio was 7% (31st December, 2022: 8%) in term of overall debt of HK\$1,085 million (31st December, 2022: HK\$1,102 million) against the fully revalued net asset value of the Group amounted to HK\$14,574 million (31st December, 2022: HK\$14,277 million).

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 the management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

As at 30th June, 2023, the Group had a total number of 512 employees (31st December, 2022: 387 employees). Remuneration and benefit were set with reference to the market.

BUSINESS HIGHLIGHTS

A total of approximately 13 million tourists visited Hong Kong during the first half of 2023, of which about 10 million were from the PRC. Compared with 2019 and before the pandemic, 35 million visitors arrived Hong Kong in the same period. The pace of recovery of the tourism industry is affected by various challenges such as air transport capacity, the global economy and foreign currency exchange rates. Operating costs goes up significantly due to shortage of local labours and increase in number of hotel staffs.

In 2022, the Group acquired Grand Bay View Hotel, with 435 guest rooms, restaurants, 180 covered carparks, consisting 216,314 square feet gross area (excluding 180 covered carparks).

Grand Bay View Hotel and Magnificent International Hotel, Shanghai have commenced business on 1st August, 2023 after substantial repair and maintenance.

Future prospect of the Royal Scot Hotel, London rental increase is encouraging because annual rent increase (once every 5 years) is linked with the United Kingdom Retail Price Index, which is currently maintained at 40-years high at 10.7% in June 2023.

The Group acquired Wood Street Police Headquarter building in the centre of City of London for GBP40 million on 29th January, 2020 which has a gross internal area of 117,472 s.f. on a 20,000 s.f. island site and obtained planning consents approval to refurbish a deluxe hotel of about 216 guest rooms, restaurant, bar and facilities.

LOOKING AHEAD

The Group has nine income producing hotels, seven in Hong Kong, one in Shanghai, one in London, and the Wood Street Hotel refurbishment project in London.

The newly acquired Grand Bay View Hotel commenced business on 1st August, 2023 and has been achieving high occupancies. Other hotels of the Group in Hong Kong will also continue to achieve high occupancies.

Most of the tenants at the Group's 633 King's Road office building and Shun Ho Tower are multinational trading companies. Due to the US/China trade war and downturn of Hong Kong's import/export volumes, those trading company tenants are experiencing difficulties and therefore occupancies are being affected.

Future prospects of the hotel business and rental incomes continue to be most challenging and unstable. Management will continue its effort to increase incomes and control costs.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2023.

DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 30th June, 2023, 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 (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 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	Beneficial owner and interest of controlled corporations	Personal and corporate	226,454,825 (Note)	74.40

Note:

Trillion Resources Limited ("Trillion Resources (BVI)") beneficially owned 154,006,125 shares in the Company (the "Shares") (50.60%) and Mercury Fast Limited ("Mercury Fast") beneficially owned 62,602,700 Shares (20.60%). Mr. William Cheng Kai Man had controlling interests in the above-mentioned companies. In addition, Mr. William Cheng Kai Man beneficially owned 9,846,000 Shares (3.23%). 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	Shun Ho Property (Note 1)	Beneficial owner and interest of controlled corporations	Personal and corporate	385,395,999	66.48
William Cheng Kai Man	Magnificent Hotel Investments Limited ("Magnificent Hotel") (Note 2)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Trillion Resources (BVI) (Note 3)	Beneficial owner	Personal	2	100.00

Notes:

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

An employee share option scheme of Magnificent Hotel, an indirect subsidiary of the Company was adopted at the extraordinary general meeting held on 14th November, 2013 (the "Share Option Scheme") and was amended at the annual general meeting held on 18th June, 2014. Since the adoption of the Share Option Scheme and up to the date of this report, no share option has been granted under the Share Option Scheme and no other share option scheme was adopted by the Company and its subsidiaries.

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, 2023, 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 corporation, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2023, 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 Share held	Approximate % of shareholding
Mercury Fast	Beneficial owner	62,602,700	20.60
Magnificent Hotel (<i>Note 1</i>)	Interest of controlled corporations	62,602,700	20.60
Shun Ho Property (<i>Note 1</i>)	Interest of controlled corporations	62,602,700	20.60
Trillion Resources (BVI) (<i>Note 2</i>)	Beneficial owner and interest of controlled corporations	216,608,825	71.20
Liza Lee Pui Ling (<i>Note 3</i>)	Interest of spouse	226,454,825	74.40

Notes:

1. Magnificent Hotel and Shun Ho Property were taken to be interested in 62,602,700 Shares held by Mercury Fast, a wholly-owned subsidiary of Magnificent Hotel which in turn owned as to 71.09% by Shun Ho Property and its subsidiaries.
2. Trillion Resources (BVI) beneficially owned 154,006,125 Shares (50.60%) and was taken to be interested in 62,602,700 Shares (20.60%) held by Mercury Fast which is the Company's indirect subsidiary.
3. Madam Liza Lee Pui Ling was deemed to be interested in 226,454,825 Shares (74.40%) by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
4. All the above interests in the Shares are long position.

Save as disclosed above, there was no person, other than a director or chief executive of the Company, who has 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, 2023 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose independent review report is included on page 10 of this interim report. The interim results and the interim report 2023 have also been reviewed by the Group’s Audit Committee.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the six months ended 30th June, 2023, 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 with the exception of the following deviation:

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

The Company does not have separate appointments for the Chairman and the Chief Executive Officer. Mr. William Cheng Kai Man holds both positions. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It also facilitates planning and execution of the Company’s strategy and is hence, for the interests of the Company and its shareholders. It is also significantly cost-saving for Mr. Cheng, the Chairman to also serve as the Chief Executive Officer, which would have otherwise been recruited from the market at a heavy cost.

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the period.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 18th August, 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SHUN HO HOLDINGS LIMITED

順豪控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shun Ho Holdings Limited (the “Company”) and its subsidiaries set out on pages 11 to 34, which comprise the condensed consolidated statement of financial position as of 30th June, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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
18th August, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

		Six months ended 30th June,	
	<i>NOTES</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3		
Contracts with customers		190,509	286,391
Leases		60,479	77,161
Dividend income		45	42
		<hr/>	<hr/>
Total revenue		251,033	363,594
Cost of sales		(486)	(18,138)
Other service costs		(113,284)	(90,387)
Depreciation of property, plant and equipment		(47,232)	(51,147)
Depreciation of right-of-use asset		(394)	(419)
		<hr/>	<hr/>
Gross profit		89,637	203,503
Net decrease in fair value of investment properties		–	(53,700)
Other income and expenses and gains and losses		3,100	4,568
Administrative expenses		(57,744)	(27,907)
– Depreciation		(2,088)	(2,128)
– Others		(55,656)	(25,779)
Finance costs	5	(28,010)	(5,645)
		<hr/>	<hr/>
Profit before taxation		6,983	120,819
Income tax expense	6	(5,495)	(31,784)
		<hr/>	<hr/>
Profit for the period	7	1,488	89,035
		<hr/> <hr/>	<hr/> <hr/>
Profit (loss) for the period attributable to:			
Owners of the Company		3,069	31,150
Non-controlling interests		(1,581)	57,885
		<hr/>	<hr/>
		1,488	89,035
		<hr/> <hr/>	<hr/> <hr/>
		HK cents	HK cents
Earnings per share	9		
Basic		1.27	12.88
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF TOTAL
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,488</u>	<u>89,035</u>
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(171)	187
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>53,257</u>	<u>(131,077)</u>
Other comprehensive income (expense) for the period	<u>53,086</u>	<u>(130,890)</u>
Total comprehensive income (expense) for the period	<u><u>54,574</u></u>	<u><u>(41,855)</u></u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	23,609	(19,495)
Non-controlling interests	<u>30,965</u>	<u>(22,360)</u>
	<u><u>54,574</u></u>	<u><u>(41,855)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2023

		As at 30th June, 2023 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	4,790,729	4,820,202
Right-of-use asset		23,962	24,374
Investment properties	<i>11</i>	4,772,765	4,732,940
Equity instruments at FVTOCI	<i>18</i>	1,557	1,728
		9,589,013	9,579,244
CURRENT ASSETS			
Inventories		2,385	1,501
Trade and other receivables	<i>12</i>	8,853	23,573
Other deposits and prepayments		14,865	15,827
Bank balances and cash		281,317	286,897
		307,420	327,798
CURRENT LIABILITIES			
Trade and other payables and accruals	<i>13</i>	43,221	61,377
Rental and other deposits received		5,115	20,671
Contract liabilities		7,022	8,275
Refund liabilities		–	20,235
Amount due to ultimate holding company	<i>16(a)</i>	41,942	40,393
Amount due to a shareholder	<i>16(b)</i>	5,088	5,088
Tax liabilities		23,366	18,112
Bank loans	<i>14</i>	43,200	55,200
		168,954	229,351
NET CURRENT ASSETS		138,466	98,447
TOTAL ASSETS LESS CURRENT LIABILITIES		9,727,479	9,677,691

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30TH JUNE, 2023

		As at 30th June, 2023 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (Audited)
CAPITAL AND RESERVES			
Share capital	15	172,252	172,252
Reserves		<u>4,095,268</u>	<u>4,071,659</u>
Equity attributable to owners of the Company		4,267,520	4,243,911
Non-controlling interests		<u>4,290,998</u>	<u>4,260,033</u>
TOTAL EQUITY		<u>8,558,518</u>	<u>8,503,944</u>
NON-CURRENT LIABILITIES			
Bank loans	14	995,072	1,001,084
Rental deposits received		23,362	15,025
Deferred tax liabilities		<u>150,527</u>	<u>157,638</u>
		<u>1,168,961</u>	<u>1,173,747</u>
		<u>9,727,479</u>	<u>9,677,691</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	Attributable to owners of the Company									
	Share capital	Property revaluation reserve	Securities revaluation reserve	Foreign currency translation reserve	Own shares held by a subsidiary	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note a)</i>	<i>HKS'000</i> <i>(Note b)</i>	<i>HKS'000</i>	<i>HKS'000</i> <i>(Note c)</i>	<i>HKS'000</i> <i>(note d)</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1st January, 2022 (audited)	172,252	23,043	(13,854)	3,804	(12,834)	1,012,245	2,851,601	4,036,257	3,965,408	8,001,665
Profit for the period	-	-	-	-	-	-	31,150	31,150	57,885	89,035
Exchange differences arising on translation of foreign operations	-	-	-	(50,717)	-	-	-	(50,717)	(80,360)	(131,077)
Fair value gain on equity instruments at FVTOCI	-	-	72	-	-	-	-	72	115	187
Total comprehensive income (expense) for the period	-	-	72	(50,717)	-	-	31,150	(19,495)	(22,360)	(41,855)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	5,500	-	5,500	(6,049)	(549)
At 30th June, 2022 (unaudited)	<u>172,252</u>	<u>23,043</u>	<u>(13,782)</u>	<u>(46,913)</u>	<u>(12,834)</u>	<u>1,017,745</u>	<u>2,882,751</u>	<u>4,022,262</u>	<u>3,936,999</u>	<u>7,959,261</u>
At 1st January, 2023 (audited)	172,252	23,043	(13,691)	(52,226)	(12,834)	1,017,745	3,109,622	4,243,911	4,260,033	8,503,944
Profit (loss) for the period	-	-	-	-	-	-	3,069	3,069	(1,581)	1,488
Exchange differences arising on translation of foreign operations	-	-	-	20,607	-	-	-	20,607	32,650	53,257
Fair value loss on equity instruments at FVTOCI	-	-	(67)	-	-	-	-	(67)	(104)	(171)
Total comprehensive (expense) income for the period	-	-	(67)	20,607	-	-	3,069	23,609	30,965	54,574
At 30th June, 2023 (unaudited)	<u>172,252</u>	<u>23,043</u>	<u>(13,758)</u>	<u>(31,619)</u>	<u>(12,834)</u>	<u>1,017,745</u>	<u>3,112,691</u>	<u>4,267,520</u>	<u>4,290,998</u>	<u>8,558,518</u>

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

FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

Notes:

- (a) The property revaluation reserve is arisen from 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.
- (b) Included in securities revaluation reserve at 30th June, 2023 consists of (i) the Group's share of a decrease in change in value of securities amounting to HK\$12,252,000 for the year ended 31st December, 2001 attributable to the securities held by a former associate, and (ii) the Group's share of the cumulative fair value losses on equity instruments at fair value through other comprehensive income amounting to HK\$1,506,000 (30th June, 2022: HK\$1,530,000). The associate has become a subsidiary of the Company since 2001.
- (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 became 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 in previous years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before taxation	6,983	120,819
Adjustments for:		
Net decrease in fair value of investment properties	–	53,700
(Gain) loss on disposal of property, plant and equipment	(7)	449
Depreciation of property, plant and equipment	49,320	53,275
Depreciation of right-of-use asset	394	419
Other non-cash items	24,858	5,313
	<hr/>	<hr/>
Operating cash flows before movements in working capital	81,548	233,975
Decrease (increase) in trade and other receivables	14,788	(47,320)
Decrease in rental and other deposits received	(7,219)	(1,629)
(Decrease) increase in contract liabilities and refund liabilities	(21,488)	34,245
Other changes in working capital	(17,960)	(4,463)
	<hr/>	<hr/>
Cash generated from operations	49,669	214,808
Hong Kong profit tax paid	(3,610)	–
Income tax paid in other jurisdictions	(3,313)	(3,174)
	<hr/>	<hr/>
Net cash from operating activities	42,746	211,634
	<hr/>	<hr/>
Investing activities		
Deposit paid for acquisition of a subsidiary	–	(142,070)
Addition of property, plant and equipment	(4,424)	(6,269)
Addition of investment properties	–	(49,500)
Proceeds from disposal of property, plant and equipment	46	189
Proceeds from disposal of financial assets at fair value through profit or loss	–	12,578
Interest received	3,078	204
	<hr/>	<hr/>
Net cash used in investing activities	(1,300)	(184,868)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	Six months ended 30th June,	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Financing activities		
Interest paid	(27,036)	(4,674)
New bank loans raised	10,000	999,500
Repayment of bank loans	(38,488)	(948,780)
Acquisition of additional interest in a subsidiary	–	(549)
Repayment to ultimate holding company	(10)	(3,618)
Net cash (used in) from financing activities	(55,534)	41,879
Net (decrease) increase in cash and cash equivalents	(14,088)	68,645
Cash and cash equivalents at the beginning of the period	286,897	262,453
Effect of foreign exchange rate changes	8,508	(18,654)
Cash and cash equivalents at the end of the period	281,317	312,444
Represented by:		
Bank balances and cash	281,317	307,253
Bank balances and cash classified as held for sale	–	5,191
	281,317	312,444

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *FOR THE SIX MONTHS ENDED 30TH JUNE, 2023*

1. BASIS OF PREPARATION

Shun Ho Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The directors of the Company consider the Company’s parent company and ultimate holding company to be Trillion Resources Limited, an international business company incorporated in the British Virgin Islands.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the investment and operation of hotels, property investment and securities investment.

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 Hong Kong Stock Exchange.

The financial information relating to the year ended 31st December, 2022 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, 2022 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.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30th June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December 2022.

The application of all the amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA are disclosed below.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the 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:

	Six months ended 30th June,	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Income from operation of hotels	190,509	286,391
Income from property rental	60,479	77,161
Dividend income	45	42
	<u>251,033</u>	<u>363,594</u>

Disaggregation of revenue for operation of hotels:

	Six months ended 30th June,	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Types of goods or services (time of revenue recognition):		
Room revenue and other ancillary services (recognised over time)	188,518	264,179
Food and beverage (recognised at a point in time)	1,991	22,212
	<u>190,509</u>	<u>286,391</u>

3. REVENUE *(Continued)*

	Six months ended 30th June,	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Geographical markets:		
Hong Kong	190,509	276,521
The People's Republic of China (the "PRC")	<u>–</u>	<u>9,870</u>
	<u>190,509</u>	<u>286,391</u>

4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker ("CODM"), being the 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 – Ramada Hong Kong Grand
7. Hospitality services – Grand City Hotel
8. Hospitality services – Ramada Hong Kong Grand View
9. Hospitality services – Wood Street Hotel
10. Hospitality services – Grand Bay View Hotel
11. Property investment – 633 King's Road
12. Property investment – Shun Ho Tower
13. Property investment – Shops, hotel and residential properties
14. Securities investment

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

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 results	
	Six months		Six months	
	ended 30th June,		ended 30th June,	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	190,509	286,391	26,785	125,953
– Best Western Plus Hotel Kowloon	25,521	12,090	1,747	(6,927)
– Best Western Plus Hotel Hong Kong	35,300	26,526	13,181	7,438
– Magnificent International Hotel, Shanghai	–	9,870	(7,427)	2,452
– Best Western Hotel Causeway Bay	21,995	43,947	1,877	26,387
– Ramada Hong Kong Harbour View	40,268	75,535	16,421	53,215
– Ramada Hong Kong Grand	36,429	69,439	1,722	36,995
– Grand City Hotel	–	19,215	–	6,442
– Ramada Hong Kong Grand View	30,996	29,769	3,153	1,077
– Wood Street Hotel	–	–	(3,889)	(1,126)
Property investments	60,479	77,161	58,918	22,682
– 633 King's Road	34,198	49,128	32,928	8,455
– Shun Ho Tower	7,596	9,122	7,305	(4,684)
– Shops, hotel and residential properties	18,685	18,911	18,685	18,911
Securities investment	45	42	45	42
	<u>251,033</u>	<u>363,594</u>	<u>85,748</u>	<u>148,677</u>
Other income and expenses and gains and losses			3,100	4,568
Administrative expenses			(53,855)	(26,781)
Finance costs			(28,010)	(5,645)
Profit before taxation			<u>6,983</u>	<u>120,819</u>

Segment profit/loss represent the profit earned by/loss from each segment without allocation of central administrative costs, other income and expenses and gains and losses and finance costs. This is the measure reported to the CODM, 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.

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	As at 30th June, 2023 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (Audited)
Segment assets		
Hospitality services	4,698,805	4,743,979
– Best Western Plus Hotel Kowloon	293,510	303,652
– Best Western Plus Hotel Hong Kong	304,839	309,121
– Magnificent International Hotel, Shanghai	58,333	62,544
– Best Western Hotel Causeway Bay	276,299	282,792
– Ramada Hong Kong Harbour View	478,350	483,726
– Ramada Hong Kong Grand	590,393	606,620
– Ramada Hong Kong Grand View	893,361	907,364
– Wood Street Hotel	380,227	364,921
– Grand Bay View Hotel	1,423,493	1,423,239
Property investments	4,774,766	4,735,527
– 633 King's Road	2,971,237	2,972,103
– Shun Ho Tower	690,204	689,925
– Shops, hotel and residential properties	1,113,325	1,073,499
Securities investment	1,557	1,728
Total segment assets	9,475,128	9,481,234
Unallocated assets	421,305	425,808
Consolidated assets	<u>9,896,433</u>	<u>9,907,042</u>

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	As at 30th June, 2023 HK\$'000 (Unaudited)	As at 31st December, 2022 HK\$'000 (Audited)
Segment liabilities		
Hospitality services	32,930	55,867
– Best Western Plus Hotel Kowloon	3,843	4,959
– Best Western Plus Hotel Hong Kong	4,454	7,702
– Magnificent International Hotel, Shanghai	638	851
– Best Western Hotel Causeway Bay	3,983	9,115
– Ramada Hong Kong Harbour View	6,070	12,451
– Ramada Hong Kong Grand	5,588	8,966
– Ramada Hong Kong Grand View	3,883	11,268
– Grand Bay View Hotel	4,471	555
Property investments	41,908	47,369
– 633 King's Road	24,673	30,764
– Shun Ho Tower	5,621	5,631
– Shops, hotel and residential properties	11,614	10,974
Securities investment	1	1
Total segment liabilities	74,839	103,237
Unallocated liabilities	1,263,076	1,299,861
Consolidated liabilities	1,337,915	1,403,098

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 all bank balances and cash and certain other receivables and deposits; and
- all liabilities are allocated to operating and reportable segments other than the Group's head office corporate liabilities, amount due to ultimate holding company, amount due to a shareholder, bank loans, tax liabilities and deferred tax liabilities.

5. FINANCE COSTS

	Six months ended 30th June,	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Interests on:		
Bank loans	26,451	4,825
Amount due to ultimate holding company <i>(note 16(a))</i>	<u>1,559</u>	<u>820</u>
	<u>28,010</u>	<u>5,645</u>

6. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
The taxation expense comprises:		
Current tax:		
Hong Kong	9,871	24,501
The PRC	13	209
The United Kingdom (the "UK")	<u>2,722</u>	<u>3,108</u>
	12,606	27,818
Overprovision in prior years		
Hong Kong	<u>—</u>	<u>(40)</u>
	12,606	27,778
Deferred tax	<u>(7,111)</u>	<u>4,006</u>
	<u>5,495</u>	<u>31,784</u>

6. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2023 (six months ended 30th June, 2022: 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.

Deferred tax liabilities on the temporary differences attributable to the undistributed retained profits earned by the Company's PRC subsidiary amounted to HK\$Nil (six months 30th June, 2022: HK\$212,000) were charged to profit or loss for the six months ended 30th June, 2023.

7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

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

Depreciation of right-of-use asset	394	419
Depreciation of property, plant and equipment	49,320	53,275
Interest on bank deposits (Note)	(3,152)	(204)
(Gain) loss on disposal of property, plant and equipment (Note)	<u>(7)</u>	<u>449</u>

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

8. DIVIDEND

During the six months ended 30th June, 2023 and 30th June, 2022, no dividend was declared and paid to shareholders for the year ended 31st December, 2022 and 31st December, 2021.

The directors have resolved not to declare or propose an interim dividend for the six months ended 30th June, 2023 and 30th June, 2022.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$3,069,000 (six months ended 30th June, 2022: HK\$31,150,000) and on 241,766,000 shares (six months ended 30th June, 2022: 241,766,000 shares) in issue during the period. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary of the Company.

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2023, the Group acquired property, plant and equipment of HK\$4,424,000 (six months ended 30th June, 2022: HK\$6,269,000).

The Group has disposed of property, plant and equipment with carrying amount of HK\$39,000 (six months ended 30th June, 2022: HK\$638,000) during the period.

11. INVESTMENT PROPERTIES

Investment properties are stated at fair value based on the valuations performed by independent professional valuers which are not connected with the Group and the Directors of the Company. The fair value is derived by using income approach to assess the market value of the investment properties. During the assessment of the fair values of investment properties, the valuers and the Directors of the Company have exercised their judgement and are satisfied that the method of valuation and the key inputs, including term yield, reversionary yield and market rent are reflective of the current market conditions. If there are changes in the assumptions used for the valuations, the fair value of the investment properties will change in the future.

The investment properties of the Group with an aggregate carrying amount of approximately HK\$3,597,115,000 (31st December, 2022: HK\$3,999,692,000) were rented out under operating leases at the end of the reporting period. During the six months ended 30th June, 2022, there is net loss on fair value changes of investment properties amounting HK\$53,700,000 recognised directly in profit or loss; for the six months ended 30th June, 2023, there is no fair value change of investment properties.

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

11. INVESTMENT PROPERTIES *(Continued)*

The income 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

	As at 30th June, 2023 HK\$'000 (Unaudited)	As at 31st December, 2022 HK\$'000 (Audited)
Trade receivables from contracts with customers	4,053	14,607
Lease receivables	1,028	1,057
Other receivables	3,772	7,909
	<u>8,853</u>	<u>23,573</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 from contracts with customers and lease receivables presented based on the invoice date at the end of the reporting period:

	As at 30th June, 2023 HK\$'000 (Unaudited)	As at 31st December, 2022 HK\$'000 (Audited)
Not yet due	4,769	11,938
Overdue:		
0 – 30 days	119	1,277
31 – 60 days	62	1,345
61 – 90 days	131	1,104
	<u>5,081</u>	<u>15,664</u>

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30th June, 2023 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (Audited)
Trade payables	5,510	2,609
Interest payables	1,930	2,515
Other payables	6,465	7,195
Legal and professional fee payables	–	10,908
Receipt in advance	8,677	10,231
Accrued staff costs	5,785	11,106
Other accruals	14,854	16,813
	<u>43,221</u>	<u>61,377</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, 2023 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	5,060	2,530
31 – 60 days	433	78
61 – 90 days	17	1
	<u>5,510</u>	<u>2,609</u>

14. BANK LOANS

	As at 30th June, 2023 HK\$'000 (Unaudited)	As at 31st December, 2022 HK\$'000 (Audited)
Secured bank loans	<u>1,038,272</u>	<u>1,056,284</u>
The carrying amounts of bank loans are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	33,200	33,200
Within a period of more than one year but not exceeding five years	<u>995,072</u>	<u>1,001,084</u>
	<u>1,028,272</u>	<u>1,034,284</u>
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) and/but repayable:		
Within one year	<u>10,000</u>	<u>22,000</u>
	<u>1,038,272</u>	<u>1,056,284</u>
Amounts shown under current liabilities	43,200	55,200
Amounts shown under non-current liabilities	<u>995,072</u>	<u>1,001,084</u>
	<u>1,038,272</u>	<u>1,056,284</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 17. Effective interest rate is 5.18% per annum (31st December, 2022: 5.88% per annum).

15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Issued and fully paid:		
At 1st January, 2022 (audited), 30th June, 2022 (unaudited), 31st December, 2022 (audited) and 30th June, 2023 (unaudited)	<u>304,369</u>	<u>172,252</u>

At 30th June, 2023, the Company's 62,603,000 (31st December, 2022:62,603,000) issued shares were held by a subsidiary of the Company. 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 AND BALANCES

Other than those disclosed in the condensed consolidated financial statements, the Group had the following transactions and balances with related parties during the periods and as at period/year ends:

	Six months ended 30th June,	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Transactions during the period:		
Interest expenses on amount due to Trillion Resources Limited	1,559	820
Rental income from Mr. William Cheng Kai Man	420	420
Compensation of key management personnel (<i>note c</i>)	<u>9,945</u>	<u>10,907</u>
	As at 30th June, 2023 HK\$'000 (Unaudited)	As at 31st December, 2022 HK\$'000 (Audited)
Balances as at period/year end:		
Amount due to the ultimate holding company at the end of the reporting period (<i>note a</i>)	41,942	40,393
Amount due to Mr. William Cheng Kai Man (<i>note b</i>)	<u>5,088</u>	<u>5,088</u>

16. RELATED PARTY TRANSACTIONS AND BALANCES (*Continued*)

Notes:

- (a) The amount due to ultimate holding company is unsecured, carries interest at prime rate plus 2% (31st December, 2022: prime rate plus 2%) per annum and repayable on demand.
- (b) The amount due to a shareholder which is non-trade related, unsecured, interest free and repayable on demand.
- (c) The compensation of key management personnel comprised short-term and post-employment benefits attributable to such personnel.

17. PLEDGE OF ASSETS

At the end of the reporting period, the bank loan facilities of the Group were secured by the followings:

- (a) investment properties and hotel properties of the Group with carrying amounts as at 30th June, 2023 of approximately HK\$3,947 million (31st December, 2022: HK\$3,907 million) and HK\$1,570 million (31st December, 2022: HK\$1,596 million), respectively;
- (b) pledge of shares in certain subsidiaries of the Company with an aggregate net asset value as at 30th June, 2023 of approximately HK\$4,072 million (31st December, 2022: HK\$3,997 million);
- (c) assignment of property rental of certain subsidiaries of the Company; and
- (d) assignment of insurance on a hotel property and certain investment properties.

18. 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 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 and key input
	30th June, 2023	31st December, 2022		
	<i>HK\$'000</i>	<i>HK\$'000</i>		
	<i>(Unaudited)</i>	<i>(Audited)</i>		
Equity instruments at FVTOCI	<u>1,557</u>	<u>1,728</u>	Level 1	Quoted bid prices in an active market

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