

MAGNIFICENT ESTATES LIMITED

(華 大 地 產 投 資 有 限 公 司)

(Stock Code: 201)



Interim Report 2013



Shun Ho Tower
Central

MAGNIFICENT ESTATES
(Stock Code: 201)
(a subsidiary of Shun Ho Group)

2013 Interim Results

Total Assets: HK\$ **12.9** billion

Consolidated Profit: HK\$338 m

Operating Profit: HK\$165 m +52%

Net Asset Value: HK\$1.29 per share



633 King's Road
North Point



206 guest-room
Ramada Hotel Kowloon
Tsimshatsui



318 guest-room
Ramada Hong Kong Hotel



262 guest-room
Best Western Hotel Taipa,
Macau



213 guest-room
Shanghai Magnificent
International Hotel



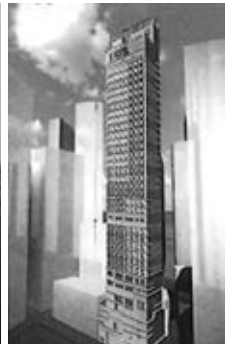
258 guest-room
Best Western Hotel
Causeway Bay



432 guest-room Best Western
Hotel Harbour View
Queen's Road West



396 guest-room
Best Western Grand Hotel
Tsimshatsui



214-room Service Apartment
Building Development Project
Queen's Road West

CORPORATE INFORMATION

Executive Directors

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

Non-Executive Director

Madam Mabel Lui Fung Mei Yee

Independent Non-Executive Directors

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

Company Secretary

Mr. Huen Po Wah

Auditor

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

Solicitors

DLA Piper Hong Kong
17th Floor, Edinburgh Tower
15 Queen's Road Central
Central, Hong Kong

Woo, Kwan, Lee & Lo
26th Floor, Jardine House
1 Connaught Place
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Chong Hing Bank Limited

Registered Office

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

Share Registrars

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong
Tel: 2980 1333

Company's Website

www.magnificentstatesltd.com

INTERIM RESULTS

The board of directors (the “Board”) of Magnificent Estates Limited (the “Company”) announces that the unaudited consolidated profit of the Company and its subsidiaries (together the “Group”) for the six months ended 30th June, 2013 amounted to HK\$338,632,000 (six months ended 30th June, 2012: HK\$222,778,000), increased by 52% and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2013 amounted to HK\$338,136,000 (six months ended 30th June 2012: HK\$222,778,000), increased by 52%.

The results of the Group for the six months ended 30th June, 2013 and its financial position as at that date are set out in the condensed consolidated financial statements on pages 21 to 44 of this report.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK0.2 cent per share for the six months ended 30th June, 2013 (six months ended 30th June, 2012: HK0.15 cent per share), increased by 33% and is payable on 18th July, 2014 to shareholders whose names appear on the register of members of the Company on 4th July, 2014.

BOOK CLOSURE

The register of members will be closed from Monday, 30th June, 2014 to Friday, 4th July, 2014, 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, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. Friday, 27th June, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued with its operations of properties investment, properties development and operation of hotels.

The unaudited **consolidated profit** of the Group for the six months ended 30th June, 2013 amounted to HK\$338,632,000 (six months ended 30th June, 2012: HK\$222,778,000), increased by 52% and the unaudited consolidated profit after non-controlling interests of the Group for the six months ended 30th June, 2013 amounted to HK\$338,136,000 (six months ended 30th June, 2012: HK\$222,778,000), increased by 52%. (*see Note a*)

	Six months ended		Change
	30.6.2012 <i>HK\$'000</i> (unaudited)	30.6.2013 <i>HK\$'000</i> (unaudited)	
Revaluation profit of investment properties	129,820	207,600	+60%
Income from operation of hotels	74,636	114,564	+53%
Properties rental income	48,290	49,978	+3%
Other income	<u>1,504</u>	<u>2,510</u>	+67%
	254,250	374,652	+47%
Administrative and other expenses	(10,748)	(13,466)	+25%
Income tax expense	<u>(20,724)</u>	<u>(22,554)</u>	+9%
Profit after taxation	222,778	338,632	+52%
Non-controlling interests	<u>–</u>	<u>(496)</u>	N/A
Profit after taxation and non-controlling interests	222,778	338,136	+52%
			<i>(Note a)</i>
Less: Revaluation profit of investment properties	(129,820)	(207,600)	
Add: Properties depreciation and release of prepaid lease payments for land	<u>15,694</u>	<u>34,283</u>	
Operating profit after taxation	108,652	164,819	+52%
			<i>(Note b)</i>

Before revaluation profit of all investment properties, depreciation and release of prepaid lease payments for land, the **operating profit** of the Group for the six months ended 30th June, 2013 is HK\$165 million (six months ended 30th June, 2012: HK\$109 million), increased by 52%. (*see Note b*)

As at 30th June, 2013, the net assets excluding non-controlling interests **before** revaluation on all asset properties and before deferred tax of the Group amounted to HK\$5,094 million (31st December, 2012: HK\$4,795 million), the net asset value per ordinary share is HK\$0.57 (31st December, 2012: HK\$0.54).

As at 30th June, 2013, the **NET ASSETS EXCLUDING NON-CONTROLLING INTERESTS AFTER REVALUATION** on all asset properties but before deferred tax of the Group amounted to **HK\$11,566 million** (31st December, 2012: HK\$10,461 million), the **ADJUSTED NET ASSET VALUE PER ORDINARY SHARE** is **HK\$1.29** (31st December, 2012: HK\$1.17).

The **CORPORATE STRATEGY** of the Group is to build hotels on grade B commercial locations which are most suitable for hotel business in terms of low acquisition costs and high yields. The Group benefits from the development of these hotels from good operating incomes, but most importantly is their capital value gain. The Group presently owns and operates seven hotels including: (1) Ramada Hotel Kowloon, (2) Ramada Hong Kong Hotel, (3) Best Western Hotel Causeway Bay, (4) Best Western Hotel Harbour View, (5) Best Western Grand Hotel, (6) Best Western Hotel Taipa, Macau and (7) Magnificent International Hotel, Shanghai, with 2,085 rooms together with new hotel at Queen's Road West under development, the Group will have about 2,300 hotel rooms which will be one of the largest hotel groups in Hong Kong. Such strategy has successfully helped to increase the value of the Group substantially:

	31.12.2010 <i>HK\$ million</i>	31.12.2011 <i>HK\$ million</i>	31.12.2012 <i>HK\$ million</i>	30.06.2013 <i>HK\$ million</i>
Adjusted Shareholders' Fund	6,397	7,715	10,461	11,566
Adjusted Net Asset Value Per Ordinary Share	HK\$1.07	HK\$0.86	HK\$1.17	HK\$1.29

PERFORMANCES

- For the six months ended 30th June, 2013, the **GROUP'S INCOME** was mostly derived from the aggregate of income from operation of hotels and properties rental income, which was analysed as follows:

	Six months ended		Change
	30.6.2012 <i>HK\$'000</i> (unaudited)	30.6.2013 <i>HK\$'000</i> (unaudited)	
Income from operation of hotels	165,103	271,308	+64%
Properties rental income	49,785	50,639	+2%
Other income	8,315	9,379	+13%
Total	223,203	331,326	+48%

The total income for the Group increased by 48% from HK\$223 million to HK\$331 million for the same period compared with last year. The increase of revenue for the period was due to substantial improvement in hotel revenue.

The income from operation of hotels increased by 64% to HK\$271 million (six months ended 30th June, 2012: HK\$165 million).

	Ramada Hotel Kowloon		Ramada Hong Kong Hotel		Best Western Hotel Causeway Bay		Best Western Hotel Harbour View		Best Western Grand Hotel		Best Western Hotel Taipa, Macau		Magnificent International Hotel, Shanghai		Income compare with 2011 Change
	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	Avg Room Occupancy %	Avg Room Rate HK\$	
2013															
Jan	98	1,011	93	771	95	825	93	671	88	885	96	603	58	324	+42%
Feb	98	994	91	806	96	832	91	714	92	905	93	812	60	328	+74%
Mar	98	1,061	96	873	96	964	99	756	98	952	97	596	74	354	+76%
Apr	98	1,098	96	917	97	954	97	846	96	957	96	628	78	349	+64%
May	98	812	96	688	98	691	94	582	95	736	97	606	68	346	+70%
Jun	98	850	97	700	98	722	96	587	98	740	98	604	78	327	+66%
Total		HK\$36,764,000		HK\$45,337,000		HK\$38,722,000		HK\$52,635,000		HK\$59,690,000		HK\$29,731,000		HK\$8,429,000	
Jan to Jun 2012															
Total		HK\$37,304,000		HK\$47,960,000		HK\$38,952,000		N/A		N/A		HK\$31,145,000		HK\$9,742,000	
Change		-1%		-5%		-1%		N/A		N/A		-5%		-13%	
Jan to Jun 2013 EBITDA Margin (Based on Revenue)		54%		55%		57%		62%		67%		62%		20%	

The **PROPERTIES RENTAL INCOME** was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK\$51 million (six months ended 30th June, 2012: HK\$50 million). At the date of this report, 633 King's Road provided an annual rental income of HK\$74 million (excluding rates and management fee incomes).

The properties rental income was analysed as follows:

	Six months ended		Change
	30.6.2012 HK\$'000 (unaudited)	30.6.2013 HK\$'000 (unaudited)	
633 King's Road	35,223	35,882	+2%
Shun Ho Tower	8,993	8,654	-4%
Shops	5,569	6,103	+10%
Total	49,785	50,639	+2%

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

	Six months ended		Change
	30.6.2012 <i>HK\$'000</i> (unaudited)	30.6.2013 <i>HK\$'000</i> (unaudited)	
Revenue	214,888	322,994	+50%
Cost of sales	(1,571)	(2,052)	
Other service costs	(66,060)	(111,966)	+70%
Depreciation of property, plant and equipment and release of prepaid lease payments for land	<u>(14,209)</u>	<u>(32,748)</u>	
Gross profit	133,048	176,228	
Increase in fair value of investment properties	129,820	207,600	+60%
Other income	8,315	9,379	
Administrative expenses	(10,748)	(13,466)	
– Depreciation	(1,485)	(1,535)	
– Others	(9,263)	(11,931)	
Other expenses	(11,047)	(6,869)	
Finance costs	<u>(5,886)</u>	<u>(11,686)</u>	+99%
Profit before taxation	243,502	361,186	
Income tax expense	<u>(20,724)</u>	<u>(22,554)</u>	
Profit for the period	222,778	338,632	

COSTS

- OVERALL SERVICE COSTS** of the Group for the period was HK\$114 million (six months ended 30th June, 2012: HK\$67.6 million), which HK\$113.7 million (six months ended 30th June, 2012: HK\$67.5 million) was for the hotel operations including food and beverage and cost of sales and HK\$0.3 million (six months ended 30th June, 2012: HK\$0.1 million) was mainly for rates and leasing commission paid for investment properties. The leasing commissions paid for the leased premises represent total commissions payable for three years of the rental period.

The approximate **OPERATING COST** including food and beverage and costs of sales for each operating hotel were as follows:

Name of Hotel	Six months ended		Change
	30.6.2012 <i>HK\$ million</i> <i>per month</i>	30.6.2013 <i>HK\$ million</i> <i>per month</i>	
Ramada Hotel Kowloon	2.86	2.84	-1%
Ramada Hong Kong Hotel	2.95	3.37	+14%
Best Western Hotel Causeway Bay	2.22	2.76	+24%
Best Western Hotel Taipa, Macau	2.09	2.18	+4%
Magnificent International Hotel, Shanghai	<u>1.13</u>	<u>1.12</u>	-1%
Average expenses per month	11.25	12.27	+9%
Best Western Hotel Harbour View	N/A	3.36	N/A
Best Western Grand Hotel	<u>N/A</u>	<u>3.32</u>	N/A
Average expenses per month	<u>11.25</u>	<u>18.95</u>	+68%
Total amount for the period	67.50	113.70	+68%

The total operating cost for the period increased by 68% was due to the commencement of businesses of Best Western Hotel Harbour View and Best Western Grand Hotel. The operating costs of Ramada Hong Kong Hotel and Best Western Hotel Causeway Bay increased by 14% and 24% respectively were due to substantial increase in their Government rates by approximately 40% for the period compared with the same period in 2012.

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$11.9 million (six months ended 30th June, 2012: HK\$9.3 million) for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

OTHER EXPENSES were HK\$6.9 million (six months ended 30th June, 2012: HK\$11 million), the decrease of HK\$4.1 million was mainly due to no pre-operating expenses were incurred during the period (six months ended 30th June, 2012: HK\$4.2 million). The property management expenses amounted to HK\$6.9 million (six months ended 30th June, 2012: HK\$6.8 million). The property management expenses were increased by HK\$0.1 million due to the increase of cost of staff and utilities while the management fee income remained unchanged.

The accounting standards require hotel properties of the Group to provide **DEPRECIATION** which amounted to HK\$32.7 million (six months ended 30th June, 2012: HK\$14.2 million) for the period. The depreciation increased from HK\$14.2 million to HK\$32.7 million was wholly due to the aggregate of the depreciation of Best Western Hotel Harbour View amounted to HK\$3.5 million (six months ended 30th June, 2012: Nil) and the depreciation of Best Western Grand Hotel amounted to HK\$15 million (six month ended 30th June, 2012: Nil).

DEPRECIATION OF HOTEL PROPERTIES

Name of Hotel	Six months ended		Change HK\$ million
	30.6.2012 HK\$ million	30.6.2013 HK\$ million	
Ramada Hotel Kowloon	3.3	3.3	–
Ramada Hong Kong Hotel	1.8	1.8	–
Best Western Hotel Taipa, Macau	1.7	1.7	–
Magnificent International Hotel, Shanghai	1.5	1.5	–
Best Western Hotel Causeway Bay	5.9	5.9	–
	14.2	14.2	–
Best Western Hotel Harbour View	–	3.5	+3.5
Best Western Grand Hotel	–	15.0	+15.0
Total amount for the period	14.2	32.7	+18.5

FUNDING

- As at 30th June, 2013, the **OVERALL DEBTS** of the Group were HK\$1,133 million (31st December, 2012: HK\$1,269 million), of which HK\$1,061 million (31st December, 2012: HK\$1,074 million) was bank borrowings and HK\$72 million (31st December, 2012: HK\$195 million) was advance from shareholders.

The debt ratio was 9% (31st December, 2012: 11%) in term of overall debts of HK\$1,133 million (31st December, 2012: HK\$1,269 million) against the fully revalued assets of the Group amounted to HK\$12,874 million (31st December, 2012: HK\$11,854 million).

The gearing ratio was approximately 22% (31st December, 2012: 27%) in term of overall debts of HK\$1,133 million (31st December, 2012: HK\$1,269 million) against funds employed of HK\$5,129 million (31st December, 2012: HK\$4,693 million).

The overall debts was analysed as follows:

	As at 31.12.2012 <i>HK\$ million</i>	As at six months ended 30.06.2013 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Interest Paid For the six months ended 30.06.2013 <i>HK\$ million</i>
Bank loans	1,074	1,061	-13	10.7
Shareholders' loans	<u>195</u>	<u>72</u>	<u>-123</u>	<u>2.8</u>
Overall debts	1,269	1,133	-136	13.5
Debt ratio (Based on Fully Revalued Assets)	11%	9%		

FINANCE COST: Of these loans, the bank interest expenses amounted to HK\$10.7 million (six months ended 30th June, 2012: HK\$11.7 million), the shareholders' loans interest expenses amounted to HK\$2.8 million (six months ended 30th June, 2012: HK\$2.7 million).

Out of these interests totally paid, HK\$1.8 million (six months ended 30th June, 2012: HK\$8.5 million) was capitalized and HK\$11.7 million (six months ended 30th June, 2012: HK\$5.9 million) reflected in the expenses account. The increase of interest expense account was due to the completion of the construction of the Best Western Hotel Harbour View and Best Western Grand Hotel during the period.

- Regarding the **CASH FLOW** of the Group for the period, the gross income was HK\$332 million (six months ended 30th June, 2012: HK\$223 million) with operating expenses of HK\$133 million (six months ended 30th June, 2012: HK\$88 million), interests paid of HK\$11 million (six months ended 30th June, 2012: HK\$12 million), repayment of bank loans of HK\$13 million (six months ended 30th June, 2012: HK\$7 million) and expenditure on various construction expenses and acquisition of property, plant and equipment of HK\$31 million (six months ended 30th June, 2012: HK\$103 million). The remaining **positive cash flow amounted to HK\$144 million** (six months ended 30th June, 2012: HK\$13 million) is in cash reserve of the Group.

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, the Group's staffing level is almost the same as that of 31st December, 2012. Remuneration and benefit were set with reference to the market.

FUTURE PROSPECTS

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

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

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

For the period under review, the travel industry have suffered lesser spending willingness from our largest PRC guests segment, probably due to the low economic cycle being encountered in the PRC. However, visitors coming to Hong Kong continue to grow by 14% from January to June 2013 according to the Hong Kong Tourist Board. The turnover for the seven group hotels was amounted to HK\$271 million, increased by 64%. The significant 64% increase of hotel incomes was attributable from newly opened Best Western Hotel Harbour View and Best Western Grand Hotel, while other Group hotels have suffered minor decrease of revenue due to room rate reductions.

Name of Hotel	Avg Room Rates		Change
	Jan to Jun	Jan to Jun	
	2012	2013	
	HK\$	HK\$	
Ramada Hotel Kowloon	992	971	-2%
Ramada Hong Kong Hotel	854	792	-7%
Best Western Hotel Causeway Bay	877	830	-5%
Best Western Hotel Harbour View	N/A	693	N/A
Best Western Grand Hotel	N/A	861	N/A
Best Western Hotel Taipa, Macau	654	638	-2%
Magnificent International Hotel, Shanghai	338	339	0%

The Best Western Hotel Harbour View and Best Western Grand Hotel achieved remarkable performance, the nearly full occupancies has significantly increased hotel revenues.

In the coming year, it is envisaged that the hotel business would be affected by the cash tight economic situation of our major guests segment, the PRC. However, the continuing increase of the number of visitors to Hong Kong by 14% and the competitive Hong Kong dollar will ensure the high hotels occupancies. The gradual improvement of the PRC economy and high local inflations will help to improve room rates. The management of the hotels will endeavour to maintain the high occupancy and will also focus on obtaining higher room rates.

The hotel turnover from July to August 2013 of the Group's seven hotels amounted to HK\$102,612,000, representing 35% improvement for the same period compared with 2012.

	Ramada Hotel Kowloon		Ramada Hong Kong Hotel		Best Western Hotel Causeway Bay		Best Western Hotel Harbour View		Best Western Grand Hotel		Best Western Hotel Taipa, Macau		Magnificent International Hotel, Shanghai		Change
	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room	Avg Room		
	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	Rate %	Occupancy HK\$	
2013															
Jul	98	934	97	787	98	832	97	716	98	852	97	654	89	331	+48%
Aug	97	1,137	99	883	98	983	100	763	98	1,037	99	713	87	334	+26%
Total	HK\$13,378,000	HK\$16,814,000	HK\$14,621,000	HK\$19,815,000	HK\$23,202,000	HK\$11,192,000	HK\$3,590,000								

With the positive cash flow surplus of HK\$144 million for the six months ended 30th June, 2013, the forecasted increase of rental incomes and additional hotel operations will ensure stronger future annual cash flow surplus which will pay for the construction costs required to build the new hotel and further debts reductions.

It is the intention of the Group to build a portfolio of 3-4 stars hotels with significant market shares in Hong Kong. The expected annual operating return on these hotels will exceed 10% on development cost and real estate capital gain potential of 50%. The Board believes these opportunities are readily available. The current seven hotels owned by the Group offer about 2,085 rooms and the hotel development sites in Sheung Wan will add an additional 214 rooms. The number of hotel rooms will soon be about 2,300 rooms to become a leading hotel room supplier in Hong Kong. Such strategy has and will continue to increase the value and recurring income of the Group substantially.

No. 338 Queen's Road West Hotel Development

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

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

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

The management is most excited with the soon to commence operation of the MTR Western line which will significantly benefit our three hotels with about 1,000 rooms in terms of occupancies, room rates and hotel values.

The rental incomes of the commercial buildings and shops are expected to enjoy modest increase. The low interest rate environment, weakness Hong Kong dollar and inflation back the demand in the local property market that benefits the Group's property portfolio especially the office buildings in Central and North Point. The conservative 9% debt ratio ensures the Group's stability over any further unforeseeable global financial turmoils.

The management will take best advantage of the improving rental incomes of the commercial buildings and shops, strong growth of the hotels revenue, low interest rate environment, competitive Hong Kong dollar, inflation and low 9% debt ratio in order to continue to reduce overall debts and also to identify undervalued property asset acquisition with the aim to enhance the Group's incomes and values which will benefit the increase of future dividend policy.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 30th June, 2013, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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	Interest of controlled corporations	Corporate	6,360,585,437 (Note)	71.09

Note:

Shun Ho Technology Holdings Limited ("Shun Ho Technology") beneficially owned 2,709,650,873 shares of the Company (the "Shares") (30.29%) and was taken to be interested in 395,656,000 Shares (4.42%) held by Good Taylor Limited, 273,579,983 Shares (3.06%) held by South Point Investments Limited, 3,500,000 Shares (0.04%) held by Shun Ho Technology Developments Limited and 2,978,198,581 Shares (33.29%) held by Fastgrow Engineering & Construction Company Limited, representing a total of 6,360,585,437 Shares (71.09%). Mr. William Cheng Kai Man had controlling interest in the above-mentioned companies.

Associated corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
William Cheng Kai Man	Shun Ho Technology (Note 1)	Interest of controlled corporations	Corporate	350,043,999	65.18
William Cheng Kai Man	Shun Ho Resources Holdings Limited ("Shun Ho Resources") (Note 2)	Interest of controlled corporations	Corporate	216,608,825	71.20
William Cheng Kai Man	Trillion Resources Limited ("Trillion Resources") (Note 3)	Beneficial owner	Personal	1	100

Notes:

1. Shun Ho Technology, the Company's immediate holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Shun Ho Resources, the Company's intermediate holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.

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

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 30th June, 2013, none of the directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2013, the following persons (not being directors or chief executive of the Company) had interests in the shares in the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Approximate % of shareholding
Shun Ho Technology (<i>Note 1</i>)	Beneficial owner and interest of controlled corporations	6,360,663,987	71.09
Omnico Company Inc. ("Omnico") (<i>Note 2</i>)	Interest of controlled corporations	6,360,663,987	71.09
Shun Ho Resources (<i>Note 2</i>)	Interest of controlled corporations	6,360,663,987	71.09
Trillion Resources (<i>Note 2</i>)	Interest of controlled corporations	6,360,663,987	71.09
Liza Lee Pui Ling (<i>Note 3</i>)	Interest of spouse	6,360,663,987	71.09
Fastgrow Engineering & Construction Company Limited	Beneficial owner	2,978,198,581	33.29
Power Financial Corporation (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02
Power Corporation of Canada (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02
Nordex Inc. (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02
IGM Financial Inc. (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02
Gelco Enterprises Ltd. (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02
Desmarais Paul G. (<i>Note 4</i>)	Interest of controlled corporations	807,060,000	9.02

Notes:

1. Shun Ho Technology beneficially owned 2,709,729,423 Shares (30.29%) and was taken to be interested in 395,656,000 Shares (4.42%) held by Good Taylor Limited, 273,579,983 Shares (3.06%) held by South Point Investments Limited, 3,500,000 Shares (0.04%) held by Shun Ho Technology Developments Limited and 2,978,198,581 Shares (33.29%) held by Fastgrow Engineering & Construction Company Limited, representing a total of 6,360,663,987 Shares (71.09%). The above-mentioned companies were wholly-owned subsidiaries of Shun Ho Technology.
2. Shun Ho Technology is directly and indirectly owned as to 65.27% by Omnico, which was in turn owned as to 100% by Shun Ho Resources, which was in turn directly and indirectly owned as to 71.20% by Trillion Resources, which was in turn wholly-owned by Mr. William Cheng Kai Man. Therefore, Omnico, Shun Ho Resources and Trillion Resources were taken to be interested in 6,360,663,987 Shares by virtue of their direct or indirect interests in Shun Ho Technology.
3. Madam Liza Lee Pui Ling was deemed to be interested in 6,360,663,987 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
4. Mackenzie Financial Corporation (“MFC”) and its subsidiaries were interested in the total number of 807,060,000 Shares. MFC was an indirect wholly-owned subsidiary of IGM Financial Inc. (held as to 100%). IGM Financial Inc. was a non-wholly owned subsidiary of Power Financial Corporation (held as to 57.69%) which was in turn an indirect non-wholly owned subsidiary of Power Corporation of Canada (held as to 66.06%). Power Corporation of Canada was 53.62% owned by Gelco Enterprises Ltd, a 94.95% subsidiary of Nordex Inc. Desmarais Paul G. was holder of 68% of the interest in Nordex Inc.

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

INDEPENDENT REVIEW

The interim results for the six months ended 30th June, 2013 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose independent review report is included on page 20 of this interim report. The interim results and the interim report 2013 have also been reviewed by the Group’s Audit Committee.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the period ended 30th June, 2013, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited with the exception of the following deviations:

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

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

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

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

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

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

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

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

(b) Compliance with the Model Code

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

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 30th August, 2013

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

**TO THE BOARD OF DIRECTORS OF
MAGNIFICENT ESTATES LIMITED**
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Magnificent Estates Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 21 to 44, which comprise the condensed consolidated statement of financial position as of 30th June, 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30th August, 2013

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

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

		Six months ended 30th June,	
		2013	2012
	NOTES	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	322,994	214,888
Cost of sales		(2,052)	(1,571)
Other service costs		(111,966)	(66,060)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		<u>(32,748)</u>	<u>(14,209)</u>
Gross profit		176,228	133,048
Increase in fair value of investment properties	11	207,600	129,820
Other income and gains		9,379	8,315
Administrative expenses		(13,466)	(10,748)
– Depreciation		(1,535)	(1,485)
– Others		(11,931)	(9,263)
Other expenses		(6,869)	(11,047)
Finance costs	5	<u>(11,686)</u>	<u>(5,886)</u>
Profit before taxation		361,186	243,502
Income tax expense	6	<u>(22,554)</u>	<u>(20,724)</u>
Profit for the period	7	<u>338,632</u>	<u>222,778</u>
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		1,055	(1,191)
Fair value (loss) gain on available-for-sale investments		<u>(3,922)</u>	<u>8,139</u>
Other comprehensive (expense) income for the period		<u>(2,867)</u>	<u>6,948</u>
Total comprehensive income for the period		<u>335,765</u>	<u>229,726</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Continued)**
FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

		Six months ended 30th June,	
	NOTES	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Profit for the period attributable to:			
Owners of the Company		338,136	222,778
Non-controlling interests		496	–
		<u>338,632</u>	<u>222,778</u>
 Total comprehensive income attributable to:			
Owners of the Company		335,269	229,726
Non-controlling interests		496	–
		<u>335,765</u>	<u>229,726</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u>3.78</u>	<u>2.49</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2013

		As at 30th June, 2013 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2012 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,506,759	2,537,105
Prepaid lease payments for land		59,535	60,177
Investment properties	11	3,132,700	2,925,100
Properties under development	10	245,846	237,338
Available-for-sale investments	12	181,941	185,863
		6,126,781	5,945,583
CURRENT ASSETS			
Inventories		1,014	963
Properties held for sale		–	21,650
Prepaid lease payments for land		1,600	1,502
Trade and other receivables	13	18,157	30,574
Other deposits and prepayments		7,978	7,293
Pledged bank deposits	19(d)	110	110
Bank balances and cash		331,283	179,759
		360,142	241,851
Assets classified as held for sale	21	21,993	–
		382,135	241,851
CURRENT LIABILITIES			
Trade and other payables and accruals	14	54,160	59,864
Rental and other deposits received		18,016	15,162
Advance from immediate holding company	17(a)	65,798	144,161
Advance from an intermediate holding company	17(b)	6,778	–
Advance from ultimate holding company	17(c)	397	51,072
Advance from a fellow subsidiary		4,745	4,745
Tax liabilities		31,377	20,210
Secured bank loans	15	1,061,427	1,074,411
		1,242,698	1,369,625
Liability associated with assets classified as held for sale	21	12,600	–
		1,255,298	1,369,625
NET CURRENT LIABILITIES		(873,163)	(1,127,774)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,253,618	4,817,809

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (Continued)**

AT 30TH JUNE, 2013

		As at 30th June, 2013	As at 31st December, 2012
	NOTES	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
CAPITAL AND RESERVES			
Share capital	16	89,471	89,471
Share premium and reserves		<u>4,897,991</u>	<u>4,603,896</u>
Equity attributable to owners of the Company		4,987,462	4,693,367
Non-controlling interests		<u>141,674</u>	<u>–</u>
		<u>5,129,136</u>	<u>4,693,367</u>
NON-CURRENT LIABILITIES			
Rental deposits received		17,562	22,625
Deferred tax liabilities		<u>106,920</u>	<u>101,817</u>
		<u>124,482</u>	<u>124,442</u>
		<u><u>5,253,618</u></u>	<u><u>4,817,809</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000 (Note a)	Property revaluation reserve HK\$'000 (Note b)	Securities revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Other reserve HK\$'000 (Note c)	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1st January, 2012 (audited)	89,471	752,455	612,477	179	60,014	20,075	2,607,034	-	4,141,705	-	4,141,705
Profit for the period	-	-	-	-	-	-	222,778	-	222,778	-	222,778
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,191)	-	-	(1,191)	-	(1,191)
Fair value gain on available-for-sale investments	-	-	-	-	8,139	-	-	-	8,139	-	8,139
Total comprehensive income (expense) for the period	-	-	-	-	8,139	(1,191)	222,778	-	229,726	-	229,726
Final dividend for the year ended 31st December, 2011 (note 8)	-	-	-	-	-	-	(26,841)	-	(26,841)	-	(26,841)
At 30th June, 2012 (unaudited)	<u>89,471</u>	<u>752,455</u>	<u>612,477</u>	<u>179</u>	<u>68,153</u>	<u>18,884</u>	<u>2,802,971</u>	<u>-</u>	<u>4,344,590</u>	<u>-</u>	<u>4,344,590</u>
At 1st January, 2013 (audited)	89,471	752,455	612,477	179	114,355	21,311	3,103,119	-	4,693,367	-	4,693,367
Profit for the period	-	-	-	-	-	-	338,136	-	338,136	496	338,632
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,055	-	-	1,055	-	1,055
Fair value loss on available-for-sale investments	-	-	-	-	(3,922)	-	-	-	(3,922)	-	(3,922)
Total comprehensive (expense) income for the period	-	-	-	-	(3,922)	1,055	338,136	-	335,269	496	335,765
Final dividend payable for year ended 31st December, 2012 (note 8)	-	-	-	-	-	-	(44,735)	-	(44,735)	-	(44,735)
Disposal of partial interest in a subsidiary	-	-	-	-	-	-	-	3,561	3,561	141,178	144,739
At 30th June, 2013 (unaudited)	<u>89,471</u>	<u>752,455</u>	<u>612,477</u>	<u>179</u>	<u>110,433</u>	<u>22,366</u>	<u>3,396,520</u>	<u>3,561</u>	<u>4,987,462</u>	<u>141,674</u>	<u>5,129,136</u>

Notes:

- (a) The special capital reserve represents the difference arising from the reduction of the nominal value of the Company's share in 1999.
- (b) The property revaluation reserve is frozen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained profits when the relevant properties are disposed of.
- (c) For the six months ended 30th June, 2013, the other reserve of HK\$3,561,000 represents the difference between the sales proceed from the disposal of partial interest in a subsidiary and the reduction of interest in the carrying amounts of assets and liabilities of the subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	Six months ended 30th June,	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash from operating activities	<u>217,648</u>	<u>116,253</u>
Net cash used in investing activities:		
Expenditure on properties under development	(29,161)	(95,231)
Acquisition of property, plant and equipment	(2,238)	(7,831)
Proceeds from disposal of property, plant and equipment	<u>1,057</u>	<u>–</u>
	<u>(30,342)</u>	<u>(103,062)</u>
Net cash used in financing activities:		
Interest paid	(10,717)	(11,713)
Repayment of bank loans	(12,984)	(7,032)
Advance from an intermediate holding company	6,717	–
Advance from immediate holding company	32,562	17,221
Repayment to ultimate holding company	<u>(51,360)</u>	<u>–</u>
	<u>(35,782)</u>	<u>(1,524)</u>
Net increase in cash and cash equivalents	151,524	11,667
Cash and cash equivalents at the beginning of the period	<u>179,759</u>	<u>99,540</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>331,283</u></u>	<u><u>111,207</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Non-current assets classified as held for sale

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (*Continued*)

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

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

New standards on consolidation and disclosures

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (*Continued*)

HKFRS 13 Fair Value Measurement

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

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

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 34 Interim Financial Reporting

(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

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

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

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

3. REVENUE

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

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from operation of hotels	271,308	165,103
Property rental	51,686	49,785
	<u>322,994</u>	<u>214,888</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 – Ramada Hotel Kowloon
2. Hospitality services – Ramada Hong Kong Hotel
3. Hospitality services – Best Western Hotel Taipa, Macau
4. Hospitality services – Magnificent International Hotel, Shanghai
5. Hospitality services – Best Western Hotel Causeway Bay
6. Hospitality services – Best Western Hotel Harbour View (*Note a*)
7. Hospitality services – Best Western Grand Hotel (*Note b*)
8. Property investment – 633 King's Road
9. Property investment – Shun Ho Tower
10. Property investment – Shops
11. Securities investment and trading
12. Property development for hotel – 239 Queen's Road West (*Note a*)
13. Property development for hotel – 23 Austin Avenue (*Note b*)
14. Property development for hotel – 338 Queen's Road West

Notes:

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

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

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

	Segment revenue		Segment profit	
	Six months ended 30th June,		Six months ended 30th June,	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	271,308	165,103	124,773	83,381
– Ramada Hotel Kowloon	36,764	37,304	16,496	16,816
– Ramada Hong Kong Hotel	45,337	47,960	23,333	28,562
– Best Western Hotel Taipa, Macau	29,731	31,145	14,925	16,870
– Magnificent International Hotel, Shanghai	8,429	9,742	178	1,454
– Best Western Hotel Causeway Bay	38,722	38,952	16,132	19,679
– Best Western Hotel Harbour View	52,635	–	28,971	–
– Best Western Grand Hotel	59,690	–	24,738	–
Property investment	51,686	49,785	259,055	179,487
– 633 King's Road	35,882	35,223	195,724	101,152
– Shun Ho Tower	9,701	8,993	9,629	32,166
– Shops	6,103	5,569	53,702	46,169
Securities investment and trading	–	–	–	–
Property development for hotel	–	–	–	–
– 239 Queen's Road West	–	–	–	–
– 23 Austin Avenue	–	–	–	–
– 338 Queen's Road West	–	–	–	–
	<u>322,994</u>	<u>214,888</u>	383,828	262,868
Other income and gains			9,379	8,315
Central administration costs and directors' emoluments			(13,466)	(10,748)
Other expenses			(6,869)	(11,047)
Finance costs			(11,686)	(5,886)
Profit before taxation			<u>361,186</u>	<u>243,502</u>

4. SEGMENT INFORMATION (Continued)

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, other income and gains and other expenses that are not directly related to core business and finance costs. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

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

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

	As at 30th June, 2013 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2012 <i>HK\$'000</i> (Audited)
Segment assets		
Hospitality services	2,520,253	2,561,116
– Ramada Hotel Kowloon	152,863	158,054
– Ramada Hong Kong Hotel	338,201	341,402
– Best Western Hotel Taipa, Macau	126,983	130,399
– Magnificent International Hotel, Shanghai	93,453	93,530
– Best Western Hotel Causeway Bay	388,894	397,010
– Best Western Hotel Harbour View (Note a)	539,013	544,565
– Best Western Grand Hotel (Note b)	880,846	896,156
Property investment	3,134,660	2,929,243
– 633 King's Road	2,061,458	1,901,902
– Shun Ho Tower	532,002	533,741
– Shops	541,200	493,600
Securities investment and trading	181,941	185,863
Property development for hotel	245,917	237,392
– 239 Queen's Road West (Note a)	–	–
– 23 Austin Avenue (Note b)	–	–
– 338 Queen's Road West	245,917	237,392
	6,082,771	5,913,614
Unallocated assets	426,145	273,820
	<u>6,508,916</u>	<u>6,187,434</u>

4. SEGMENT INFORMATION (Continued)

	As at 30th June, 2013 HK\$'000 (Unaudited)	As at 31st December, 2012 HK\$'000 (Audited)
Segment liabilities		
Hospitality services	32,908	53,363
– Ramada Hotel Kowloon	3,040	3,539
– Ramada Hong Kong Hotel	2,876	2,662
– Best Western Hotel Taipa, Macau	5,643	6,255
– Magnificent International Hotel, Shanghai	1,584	951
– Best Western Hotel Causeway Bay	4,945	4,405
– Best Western Hotel Harbour View (Note a)	7,553	16,818
– Best Western Grand Hotel (Note b)	7,267	18,733
Property investment	35,418	34,993
– 633 King's Road	24,845	23,630
– Shun Ho Tower	5,918	7,069
– Shops	4,655	4,294
Securities investment and trading	2	2
Property development for hotel	945	1,692
– 239 Queen's Road West (Note a)	–	–
– 23 Austin Avenue (Note b)	–	–
– 338 Queen's Road West	945	1,692
	69,273	90,050
Unallocated liabilities	1,310,507	1,404,017
	<u>1,379,780</u>	<u>1,494,067</u>

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

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

5. FINANCE COSTS

	Six months ended 30th June,	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Interests on:		
Bank loans wholly repayable within five years	10,717	11,713
Advance from immediate holding company wholly repayable within five years (<i>note 17(a)</i>)	2,011	1,723
Advance from an intermediate holding company wholly repayable within five years (<i>note 17(b)</i>)	61	–
Advance from ultimate holding company wholly repayable within five years (<i>note 17(c)</i>)	685	994
	<u>13,474</u>	<u>14,430</u>
Less: amounts capitalised in properties under development	<u>(1,788)</u>	<u>(8,544)</u>
	<u><u>11,686</u></u>	<u><u>5,886</u></u>

6. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong	19,435	12,242
The People's Republic of China ("PRC")	–	252
Other jurisdiction	1,519	1,751
	<u>20,954</u>	<u>14,245</u>
Overprovision in prior years		
Hong Kong	(3,160)	–
Deferred tax		
Current period	4,760	6,479
	<u><u>22,554</u></u>	<u><u>20,724</u></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, 2013 (six months ended 30th June, 2012: 16.5%).

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

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

7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	800	784
Depreciation of property, plant and equipment	33,483	14,910
Pre-operating expenses (included in other expenses)	–	4,236
Interest on bank deposits (included in other income and gains)	(619)	(362)
Gain on disposal of property, plant and equipment (included in other income and gains)	<u>(1,050)</u>	<u>–</u>

8. DIVIDEND

During the six months ended 30th June, 2013, a final dividend of HK0.5 cent per share amounting to HK\$44,735,000 was declared and payable to shareholders for the year ended 31st December, 2012 (six months ended 30th June, 2012: a final dividend of HK0.3 cent per share amounting to HK\$26,841,000 was paid to shareholders for the year ended 31st December, 2011).

The interim dividend in respect of the six months ended 30th June, 2013 of HK0.2 cent per share amounting to HK\$17,894,000 has been declared by the Board (six months ended 30th June, 2012: HK0.15 cent per share amounting to HK\$13,421,000).

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\$338,136,000 (six months ended 30th June, 2012: HK\$222,778,000) and on 8,947,051,000 shares (six months ended 30th June, 2012: 8,947,051,000 shares) in issue during the period.

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

10. PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT

During the six months ended 30th June, 2013, the Group has acquired furniture, fixtures and equipment of HK\$2,238,000 and incurred HK\$6,720,000 on construction costs of new hotel premises. The Group has disposed property, plant and equipment with carrying amount of HK\$7,000 during the period.

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

11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30th June, 2013 and 31st December, 2012 have been arrived at on the basis of valuations carried out on those dates by Dudley Surveyors Limited, an independent qualified professional valuer not connected to the Group. The valuation was arrived by adopting the direct comparison approach making reference to recent transactions of similar properties in similar location and condition under the prevailing market conditions. The resulting gain on fair value changes of investment properties of HK\$207,600,000 has been recognised directly in profit or loss for the six months ended 30th June, 2013 (six months ended 30th June, 2012: HK\$129,820,000).

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

12. AVAILABLE-FOR-SALE INVESTMENTS

	Available-for-sale investments	
	Non-current	
	As at	As at
	30th June,	31st December
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed equity securities in Hong Kong at fair value	181,161	185,083
Unlisted equity investments, at cost	780	780
	<u>181,941</u>	<u>185,863</u>

13. TRADE AND OTHER RECEIVABLES

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

	As at 30th June, 2013 HK\$'000 (Unaudited)	As at 31st December, 2012 HK\$'000 (Audited)
Not yet due	16,770	25,883
Overdue:		
0 – 30 days	536	2,547
31 – 60 days	–	456
61 – 90 days	–	195
	<u>17,306</u>	<u>29,081</u>
Analysed for reporting as:		
Trade receivables	17,306	29,081
Other receivables	<u>851</u>	<u>1,493</u>
	<u>18,157</u>	<u>30,574</u>

14. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	As at 30th June, 2013 HK\$'000 (Unaudited)	As at 31st December, 2012 HK\$'000 (Audited)
0 – 30 days	3,813	3,923
31 – 60 days	54	349
61 – 90 days	<u>523</u>	<u>501</u>
	<u>4,390</u>	<u>4,773</u>
Analysed for reporting as:		
Trade payables	4,390	4,773
Other payables and accruals (<i>Note</i>)	<u>49,770</u>	<u>55,091</u>
	<u>54,160</u>	<u>59,864</u>

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

15. SECURED BANK LOANS

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

All the Group's bank loans are floating rate borrowings, which carry interests at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of approximately 2% per annum for the six months ended 30th June, 2013 (year ended 31st December, 2012: HIBOR plus a margin of approximately 2% per annum). The bank loans are secured over certain of the Group's properties. Interest rates on the Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate is 2% per annum (year ended 31st December, 2012: 2.1% per annum).

16. SHARE CAPITAL

	Number of shares '000	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30th June, 2013 (unaudited), 31st December, 2012 (audited) and 1st January, 2012 (audited)	<u>80,000,000</u>	<u>800,000</u>
Issued and fully paid:		
At 30th June, 2013 (unaudited), 31st December, 2012 (audited) and 1st January, 2012 (audited)	<u>8,947,051</u>	<u>89,471</u>

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
THE GROUP		
Shun Ho Technology Holdings Limited		
(the Company's immediate holding company)		
and its subsidiaries*		
Rental expenses	520	520
Interest expenses on advance to the Group <i>(note a)</i>	2,011	1,723
Corporate management fee income for administrative facilities provided	1,504	1,034
Sales proceeds from a disposal of partial interest in a subsidiary <i>(note e)</i>	113,077	–
Dividend	31,803	19,081
Shun Ho Resources Holdings Limited		
(the Company's intermediate holding company)		
Corporate management fee income for administrative facilities provided	50	50
Interest expenses on advance to the Group <i>(note b)</i>	61	–
Sales proceeds from a disposal of partial interest in a subsidiary <i>(note e)</i>	31,662	–
Trillion Resources Limited		
(the Company's ultimate holding company)		
Interest expenses on advance to the Group <i>(note c)</i>	685	994
Compensation of key management personnel <i>(note d)</i>	<u>4,675</u>	<u>2,631</u>

* exclude Magnificent Estates Limited and its subsidiaries

17. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) Except for the advance amounted to HK\$24,208,000 (31st December, 2012: Nil), which carries fixed interest at 5% (31st December 2012: Nil) per annum, the remaining advance from immediate holding company, carries interest at HIBOR plus 4% (31st December, 2012: HIBOR plus 4%) per annum. The advances from immediate holding company are unsecured and repayable on demand.
- (b) The advance from an intermediate holding company is unsecured, carries fixed interest at 5% per annum and repayable on demand.
- (c) The advance from ultimate holding company is unsecured, carries interest at HIBOR plus 4% (31st December, 2012: HIBOR plus 4%) per annum and repayable on demand.
- (d) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.
- (e) During the six months ended 30th June, 2013, the Group has disposed 25% and 7% equity interest of its wholly-owned subsidiary to its immediate holding company and intermediate holding company respectively.

18. PROJECT COMMITMENTS

At 30th June, 2013, the Group had outstanding commitments contracted for but not provided in the condensed consolidated financial statements in respect of expenditure on properties under development amounting to HK\$130,693,000 (31st December, 2012: HK\$8,023,000) and acquisition of property, plant and equipment amounting to nil (31st December, 2012: HK\$285,000).

19. PLEDGE OF ASSETS

At 30th June, 2013, the bank loan facilities of the Group were secured by the following:

- (a) investment properties, properties under development and property, plant and equipment of the Group with carrying amounts of approximately HK\$2,170 million (31st December, 2012: HK\$2,004 million), HK\$246 million (31st December, 2012: HK\$237 million) and HK\$2,092 million (31st December, 2012: HK\$2,116 million), respectively;
- (b) pledge of shares in and subordination of loans due from certain subsidiaries with an aggregate carrying amount of approximately HK\$1,024 million (31st December, 2012: HK\$1,114 million);
- (c) assignment of the Group's rentals and hotel revenue respectively; and
- (d) bank deposits with a carrying amount of HK\$110,000 (31st December, 2012: HK\$110,000).

20. MAJOR NON-CASH TRANSACTIONS

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

Sales proceeds from a disposal of partial interest in a subsidiary with the amount of HK\$144,739,000 and final dividend payable for the year ended 31st December, 2012 with the amount of HK\$31,803,000 were recognised by the Group through advance from immediate holding company.

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

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

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

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

	2013 HK\$'000
Deferred tax asset	343
Properties held for sale	21,650
	<hr/>
Total assets classified as held for sale	21,993
	<hr/> <hr/>

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

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30th June, 2013	31st December, 2012		
Listed equity securities classified as available-for-sale investments	HK\$181,161,000	HK\$185,083,000	Level 1	Quoted bid prices in an active market

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