

# MAGNIFICENT HOTEL INVESTMENTS LIMITED

## 華大酒店投資有限公司

(Stock Code: 201)



INTERIM REPORT 2024

## **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  
(retired on 24th May, 2024)

### **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.magnificenthotelinv.com](http://www.magnificenthotelinv.com)

## **INTERIM RESULTS**

The board (the “Board”) of directors (the “Director(s)”) of Magnificent Hotel Investments 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, 2024 was HK\$42 million (six months ended 30th June, 2023: HK\$18 million), increased by HK\$24 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 considered that preserving capital would secure the Group with more cashflow under the current challenging economy and unstable hotel market condition with high operating costs and interest costs, which may continue to affect the short- and mid-term business risks of the Group. Therefore, the Board does not recommend the payment of interim dividend for the six months ended 30th June, 2024 (six months ended 30th June, 2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period, the Group continued with its hotel investments, hotel management, property leasing and property development.

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, 2024 was HK\$42 million (six months ended 30th June, 2023: HK\$18 million), increased by HK\$24 million (+132%).

	<b>Six months ended</b>		
	<b>30.6.2024</b>	30.6.2023	Change
	<b>HK\$'000</b>	HK\$'000	
	<b>(unaudited)</b>	(unaudited)	
(Loss) profit from operation of hotels	<b>(15,229)</b>	16,471	N/A
– Profit	<b>52,792</b>	51,445	
– Depreciation	<b>(68,021)</b>	(34,974)	
Profit from property investment	<b>6,723</b>	12,629	-47%
Income from securities investments	–	45	-100%
Other income and gain and losses	<b>2,182</b>	3,618	-40%
	<b>(6,324)</b>	32,763	N/A
Administrative expenses	<b>(23,159)</b>	(51,110)	-55%
Income tax (expense) credit	<b>(3,063)</b>	486	N/A
Loss after taxation	<b>(32,546)</b>	(17,861)	+82%
Non-controlling interests	<b>186</b>	(59)	N/A
Loss after taxation and non-controlling interests	<b>(32,360)</b>	(17,920)	+81%
Add: Revaluation loss	<b>5,000</b>	–	N/A
Add: Properties depreciation and release of prepaid lease payments for land	<b>68,922</b>	35,820	+92%
Net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment	<b>41,562</b>	17,900	<b>+132%</b>

The overall increase in profit for the six months ended 30th June, 2024 was mainly due to increase in hotel revenue by 41% and no more pre-operating expenses and repair and refurbishment costs of Grand Bay View Hotel.

## PERFORMANCE

For the six months ended 30th June, 2024, the **GROUP'S INCOME** was mostly derived from the aggregate of income from operation of hotels and investment properties, which was analysed as follows:

### Income

	<b>Six months ended</b>		Change	Reason
	<b>30.6.2024</b>	30.6.2023		
	<b>HK\$'000</b>	HK\$'000		
	<b>(unaudited)</b>	(unaudited)		
Income from operation of hotels	<b>224,959</b>	159,513	+41%	Increase in room rates and operation of Grand Bay View Hotel
Income from investment properties	<b>19,010</b>	18,395	+3%	Rental income received in Pound Sterling appreciated against Hong Kong Dollars
Other income	<u><b>2,182</b></u>	<u>3,618</u>	-40%	N/A
<b>Total</b>	<u><b>246,151</b></u>	<u>181,526</u>	+36%	

During the period, the total income for the Group increased by 36% from approximately HK\$182 million to approximately HK\$246 million compared with last period.

## HOTELS PERFORMANCES

The Group presently owns eight hotels, operates seven hotels and leases out one hotel in London. The income from operation of hotels increased by 41% to HK\$225 million (six months ended 30th June, 2023: HK\$160 million). Royal Scot Hotel in London was leased to a hotel management company, Travelodge.

	Ramada Hong Kong Harbour View	Ramada Hong Kong Grand	Best Western Plus Hotel Hong Kong	Best Western Hotel Causeway Bay	Best Western Plus Hotel Kowloon	Grand Bay View Hotel	Magnificent International Hotel, Shanghai
2024							
Jan to Jun							
Average room occupancy (%)	97	98	97	95	87	93	80

As at 30th June, 2024, an independent third-party valuation of Royal Scot Hotel, London was GBP88,500,000 (as at 31st December, 2023: GBP88,500,000). The rental income of Royal Scot Hotel, London for the period was GBP1,768,000 (six months ended 30th June, 2023: GBP1,768,000). During the period, the management succeeded in increasing the annual rental by 34% from GBP3,546,000 to GBP4,737,000. The new rental income will be reflected in the 2nd half of 2024.

## COST

The **HOTELS' SERVICE COST** for the period was HK\$154.6 million (six months ended 30th June, 2023: HK\$94.0 million), representing hotel operating cost. The increase in hotel operating cost is much attributable to normalization of quarantine hotels and commencement of business of Grand Bay View Hotel resulting in increase of employees from 455 (as at 30th June, 2023) to 550 (as at 30th June, 2024).

Name of Hotel	Six months ended		Change
	30.6.2024 <i>HK\$ million</i>	30.6.2023 <i>HK\$ million</i>	
Ramada Hong Kong Harbour View	26.3	20.6	+28%
Ramada Hong Kong Grand	24.1	19.8	+22%
Best Western Plus Hotel Kowloon	17.9	13.3	+35%
Best Western Plus Hotel Hong Kong	26.8	20.0	+34%
Best Western Hotel Causeway Bay	19.5	14.2	+37%
Grand Bay View Hotel	32.5	–	N/A
Magnificent International Hotel, Shanghai	7.5	6.1	+23%
<b>Total amount for the period</b>	<b>154.6</b>	<b>94.0</b>	<b>+64%</b>

Cost of sales of HK\$1.6 million (six months ended 30th June, 2023: HK\$0.4 million) was from cost of food and beverage. The increase was due to operation of Grand Bay View Hotel.

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$22.3 million (six months ended 30th June, 2023: HK\$50.2 million).

The accounting standards require hotel properties of the Group to provide **DEPRECIATION** which amounted to HK\$68.0 million (six months ended 30th June, 2023: HK\$34.9 million) for the period.

## DEPRECIATION OF HOTEL PROPERTIES

Name of Hotel	Six months ended		Change <i>HK\$ million</i>
	30.6.2024	30.6.2023	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Ramada Hong Kong Harbour View	3.0	3.1	-0.1
Ramada Hong Kong Grand	14.8	14.8	-
Best Western Plus Hotel Kowloon	8.1	7.8	+0.3
Best Western Plus Hotel Hong Kong	2.0	2.1	-0.1
Best Western Hotel Causeway Bay	5.8	5.9	-0.1
Grand Bay View Hotel	33.0	-	+33.0
Magnificent International Hotel, Shanghai	1.3	1.2	+0.1
<b>Total amount for the period</b>	<b>68.0</b>	<b>34.9</b>	<b>+33.1</b>

## FUNDING

As at 30th June, 2024, the **OVERALL DEBTS** of the Group was HK\$684 million (31st December, 2023: HK\$875 million) (reduced by HK\$191 million), of which HK\$348 million (31st December, 2023: HK\$330 million) was assets secured bank borrowings and HK\$336 million was advances from shareholders (mainly Shun Ho Property Investments Limited) (31st December, 2023: HK\$545 million).

As at 30th June, 2024, the **debt ratio was 7%** (31st December, 2023: 9%) in term of overall debt of HK\$684 million (31st December, 2023: HK\$875 million) against the fully revalued net assets value of the Group amounted to HK\$9,853 million (31st December, 2023: HK\$9,877 million). The external debt ratio was 3.5% in term of bank loan of HK\$348 million against the fully revalued net assets value of the Group.

As at 30th June, 2024, the gearing ratio was 16% (31st December, 2023: 21%) in terms of overall debts of HK\$684 million (31st December, 2023: HK\$875 million) against funds employed of HK\$4,173 million before revaluation of all hotel properties (31st December, 2023: HK\$4,220 million).

The overall debts were analysed as follows:

	As at 31st December, 2023 <i>HK\$ million</i>	As at 30th June, 2024 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Interest Paid As at 30th June, 2024 <i>HK\$ million</i>
Bank loans	330	348	+18	10.8
Shareholder's loan	545	336	-209	12.4
Overall debts	875	684	-191	23.2

**FINANCE COST:** Of these loans, the total interest expenses amounted to HK\$23.2 million (six months ended 30th June, 2023: HK\$19.4 million), the bank loans interest expenses amounted to HK\$10.8 million (six months ended 30th June, 2023: HK\$6.2 million) and the shareholders' loan interest expenses amounted to HK\$12.4 million (six months ended 30th June, 2023: HK\$13.2 million). The increase in finance cost was due to increase in interest rate.

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, 2024, the Group had a total number of 550 employees (31st December, 2023: 536 employees). Remuneration and benefit were set with reference to the market.

## BUSINESS HIGHLIGHTS

A total of approximately 11 million overnight tourists visited Hong Kong during the six months ended 30th June, 2024, of which about 7 million were from the PRC. Compared with 2019 and before the pandemic, 15 million overnight 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/PRC economy and foreign currency exchange rates. Operating costs go up significantly due to shortage of local labours and increase in number of hotel staffs.



In December 2022, the Group acquired Grand Bay View Hotel with 435 guest rooms, restaurants and 180 covered carparks, consisting 216,314 square feet gross area (excluding 180 covered carparks), which commenced business on 1st August, 2023. Magnificent International Hotel, Shanghai also reopened on 1st August, 2023 after substantial repair and refurbishment.

Throughout the six months ended 30th June, 2024, the Group achieved an average hotel occupancies rate of over 90%+. Compared with last period, the hotel income of the Group increased by 41% to HK\$225 million and the total income of the Group increased by 36% to HK\$246 million.

During the period, the management succeeded in increasing the annual rental of Royal Scot Hotel, London by 34% from GBP3,546,000 to GBP4,737,000. The new rental income will be reflected in the 2nd half of 2024.

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 eight income producing hotels, six in Hong Kong, one in Shanghai, one in London, and the Wood Street Hotel refurbishment project in London.

With the weak economy of the PRC and the expensive HKD vs RMB, the recovery of the PRC visitors may continue to be challenging. More PRC tourists choose to stay in the Greater Bay area and visit Hong Kong on day trips. Future prospects of the hotel business and rental incomes continue to be challenging. The 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, 2024.

## DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 30th June, 2024, 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 (the “Model Code”) 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 ( <i>Note</i> )	71.09

#### *Note:*

Shun Ho Property Investments Limited (“Shun Ho Property”) 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 (“Fastgrow”), representing a total of 6,360,585,437 Shares (71.09%). Mr. William Cheng Kai Man had controlling interest in the above-mentioned companies. All the above interests in the Shares are long position.

## Associated Corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Shun Ho Property (Note 1)	Beneficial owner and interest of controlled corporations	Personal and corporate	385,395,999	66.48
William Cheng Kai Man	Shun Ho Holdings Limited ("Shun Ho Holdings") (Note 2)	Beneficial owner and interest of controlled corporations	Personal and corporate	226,454,825	74.40
William Cheng Kai Man	Trillion Resources Limited ("Trillion Resources (BVI)") (Note 3)	Beneficial owner	Personal	2	100.00

### Notes:

1. Shun Ho Property, 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 Holdings, 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 (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.

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, 2024, 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 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, 2024, 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:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares/ underlying Shares held</b>	<b>Approximate % of shareholding</b>
Shun Ho Property ( <i>Note 1</i> )	Beneficial owner and interest of controlled corporations	6,360,585,437 (L)	71.09
Omnico Company Inc. ("Omnico") ( <i>Note 2</i> )	Interest of controlled corporations	6,360,585,437 (L)	71.09
Shun Ho Holdings ( <i>Note 2</i> )	Interest of controlled corporations	6,360,585,437 (L)	71.09
Trillion Resources (BVI) ( <i>Note 2</i> )	Interest of controlled corporations	6,360,585,437 (L)	71.09
Liza Lee Pui Ling ( <i>Note 3</i> )	Interest of spouse	6,360,585,437 (L)	71.09
Fastgrow	Beneficial owner	2,978,198,581 (L)	33.29
Alef United Holdings Limited ( <i>Note 4</i> )	Beneficial owner and interest in persons acting in concert	885,094,524 (L)	9.89
Credit Suisse Trust Limited ( <i>Note 4</i> )	Interest of controlled corporations	885,094,524 (L)	9.89
Hashim Majed Hashim A. ( <i>Note 4</i> )	Interest of controlled corporations	885,094,524 (L)	9.89
North Salomon Limited ( <i>Note 4</i> )	Interest of controlled corporations	885,094,524 (L)	9.89
Saray Capital Limited ( <i>Note 4</i> )	Interest of controlled corporations	885,094,524 (L)	9.89

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares/ underlying Shares held</b>	<b>Approximate % of shareholding</b>
Saray Value Fund SPC (Note 4)	Beneficial owner and interest in persons acting in concert	885,094,524 (L)	9.89
Shobokshi Hussam Ali H. (Note 4)	Interest of controlled corporations	885,094,524 (L)	9.89
FMR LLC (Note 5)	Interest of controlled corporation	469,451,000 (L)	5.25

*Notes:*

1. Shun Ho Property beneficially owned 2,709,650,873 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, representing a total of 6,360,585,437 Shares (71.09%). The above-mentioned companies were wholly-owned subsidiaries of Shun Ho Property.
2. Shun Ho Property is directly and indirectly owned as to 60.38% by Omnico, which was in turn owned as to 100% by Shun Ho Holdings, which was in turn directly owned as to 50.60% by Trillion Resources (BVI), which was in turn wholly-owned by Mr. William Cheng Kai Man. Therefore, Omnico, Shun Ho Holdings and Trillion Resources (BVI) were taken to be interested in 6,360,585,437 Shares (71.09%) by virtue of their direct or indirect interests in Shun Ho Property.
3. Madam Liza Lee Pui Ling was deemed to be interested in 6,360,585,437 Shares (71.09%) by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
4. According to the notices filed by Alef United Holding Limited (“Alef United”) and Saray Value Fund SPC (“Saray Value Fund”) on 6th April, 2022, Alef United beneficially held 2,396,000 Shares (0.03%) and Saray Value Fund, a wholly-owned subsidiary of Saray Capital Limited, beneficially held 882,698,524 Shares (9.87%). Since Alef United and Saray Value Fund are concert parties to an agreement to buy shares under section 317 (1)(a) of the SFO, they are deemed to have interest in the Shares held by the other concert parties. And according to the notice filed by Saray Value SPV Asia I on 14th April, 2022, Saray Value SPV Asia I disposed of 8,517,976 Shares and ceased to be a concert party on 14th April, 2022. Saray Capital Limited was held by Shobokshi Hussam Ali H. as to 26.76% and Hashim Majed Hashim A. as to 50%. Alef United was wholly-owned by Shobokshi Hussam Ali H.. Therefore, the total number of Shares in which Saray Value Fund, Saray Capital Limited, Shobokshi Hussam Ali H. and Hashim Majed Hashim A. were interested under Sections 317 and 318 of the SFO was 885,094,524 Shares (9.89%).

Saray Value Fund was held by North Salomon Limited as to 67.40%. North Salomon Limited was held by Credit Suisse Trust Limited as to 100%. Therefore, the total number of Shares in which North Salomon Limited and Credit Suisse Trust Limited were interested under Sections 317 and 318 of the SFO was 885,094,524 Shares (9.89%).

5. Fidelity Management & Research (Japan) Limited beneficially held 220,316,000 Shares (2.46%). Fidelity Management & Research (Hong Kong) Limited beneficially held 90,048,000 Shares (1.01%). FMR Investment Management (UK) Limited beneficially held 159,087,000 Shares (1.78%). Both Fidelity Management & Research (Japan) Limited and Fidelity Management & Research (Hong Kong) Limited were wholly-owned by Fidelity Management & Research Company. FMR Investment Management (UK) Limited was wholly-owned by Fidelity Management & Research Company, Fidelity Management & Research Company was wholly-owned by FMR LLC. Therefore, FMR LLC was deemed to have interest in 469,451,000 Shares (5.25%).

L: 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 of the Company 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, 2024 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 15 of this interim report. The interim results and the interim report 2024 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, 2024, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 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 set out in Appendix C3 of the Listing Rules 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.

### **(c) Change in Director’s information**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Director’s information, as notified to the Company, subsequent to the date of the 2023 Annual Report, is set out below:

Madam Wendy CHENG Wai Kwan retired as an executive Director of the Company, Shun Ho Property and Shun Ho Holdings upon conclusion of the respective annual general meeting on 24th May, 2024.

By Order of the Board

**William CHENG Kai Man**  
*Chairman*

Hong Kong, 16th August, 2024

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF MAGNIFICENT HOTEL INVESTMENTS LIMITED

華大酒店投資有限公司

*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Magnificent Hotel Investments Limited (the “Company”) and its subsidiaries set out on pages 16 to 40, which comprise the condensed consolidated statement of financial position as of 30th June, 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of total comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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  
16th August, 2024



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2024**

		Six months ended 30th June,	
	NOTES	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Revenue	3		
Contracts with customers		224,959	159,513
Leases		19,010	18,395
Dividend income		–	45
Total revenue		<b>243,969</b>	177,953
Cost of sales		(1,641)	(446)
Other service costs		(154,585)	(93,994)
Depreciation of property, plant and equipment		(67,640)	(34,528)
Depreciation of right-of-use asset		(381)	(394)
Gross profit		<b>19,722</b>	48,591
Decrease in fair value of investment properties	10	(5,000)	–
Other income and gains and losses		2,182	3,618
Administrative expenses		(23,159)	(51,110)
– Depreciation		(901)	(898)
– Others		(22,258)	(50,212)
Finance costs	5	(23,228)	(19,446)
Loss before taxation		(29,483)	(18,347)
Income tax (expense) credit	6	(3,063)	486
Loss for the period	7	(32,546)	(17,861)
Loss for the period attributable to:			
Owners of the Company		(32,360)	(17,920)
Non-controlling interests		(186)	59
		<b>(32,546)</b>	(17,861)
Loss per share		<i>HK cents</i>	<i>HK cents</i>
Basic	9	(0.36)	(0.20)

**CONDENSED CONSOLIDATED STATEMENT OF TOTAL  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2024*

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<u>(32,546)</u>	<u>(17,861)</u>
<b>Other comprehensive (expense) income</b>		
<b>Item that will not be reclassified to profit or loss</b>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(908)	9,313
<b>Item that may be reclassified subsequently to profit or loss</b>		
Exchange differences arising on translation of foreign operations	<u>(13,773)</u>	<u>53,257</u>
Other comprehensive (expense) income for the period	<u>(14,681)</u>	<u>62,570</u>
Total comprehensive (expense) income for the period	<u>(47,227)</u>	<u>44,709</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(47,041)	44,650
Non-controlling interests	<u>(186)</u>	<u>59</u>
	<u>(47,227)</u>	<u>44,709</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2024

		As at 30th June, 2024	As at 31st December, 2023
	NOTES	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,700,092	3,764,137
Right-of-use asset		21,880	23,131
Investment properties	10	1,048,495	1,061,460
Equity instruments at FVTOCI	17	99,831	100,739
		<b>4,870,298</b>	4,949,467
<b>CURRENT ASSETS</b>			
Inventories		1,200	1,418
Trade and other receivables	11	7,509	18,460
Other deposits and prepayments		9,662	7,782
Bank balances and cash		149,742	309,245
		<b>168,113</b>	336,905
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	12	32,783	41,111
Rental and other deposits received		2,049	2,389
Refund liabilities		–	1,754
Contract liabilities		7,442	6,786
Amount due to immediate holding company	15(a)	331,078	540,022
Amount due to a shareholder	15(b)	5,088	5,088
Tax liabilities		36,168	34,306
Bank loans	13	118,000	98,248
		<b>532,608</b>	729,704
<b>NET CURRENT LIABILITIES</b>		<b>(364,495)</b>	(392,799)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,505,803</b>	4,556,668

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

AT 30TH JUNE, 2024

		As at <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
	<i>NOTES</i>		
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>14</i>	<b>841,926</b>	841,926
Reserves		<b><u>3,323,782</u></b>	<u>3,370,823</u>
Equity attributable to owners of the Company		<b>4,165,708</b>	4,212,749
Non-controlling interests		<b><u>7,077</u></b>	<u>7,263</u>
<b>TOTAL EQUITY</b>		<b><u>4,172,785</u></b>	<u>4,220,012</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans	<i>13</i>	<b>230,068</b>	232,050
Rental deposits received		<b>1,006</b>	1,006
Deferred tax liabilities		<b><u>101,944</u></b>	<u>103,600</u>
		<b><u>333,018</u></b>	<u>336,656</u>
		<b><u>4,505,803</u></b>	<u>4,556,668</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2024

	Attributable to owners of the Company									
	Share capital <i>HKS'000</i>	Special capital reserve <i>HKS'000</i> <i>(Note a)</i>	Property revaluation reserve <i>HKS'000</i> <i>(Note b)</i>	Securities revaluation reserve <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i> <i>(Note c)</i>	Retained profits <i>HKS'000</i>	Sub-total <i>HKS'000</i>	Non-controlling interest <i>HKS'000</i>	Total <i>HKS'000</i>
At 1st January, 2023 (audited)	841,926	612,477	1,089	68,046	(135,610)	3,561	2,833,872	4,225,361	7,403	4,232,764
(Loss) profit for the period	-	-	-	-	-	-	(17,920)	(17,920)	59	(17,861)
Exchange differences arising on translation of foreign operations	-	-	-	-	53,257	-	-	53,257	-	53,257
Fair value gain on equity instruments at FVTOCI	-	-	-	9,313	-	-	-	9,313	-	9,313
Total comprehensive income (expense) for the period	-	-	-	9,313	53,257	-	(17,920)	44,650	59	44,709
At 30th June, 2023 (unaudited)	841,926	612,477	1,089	77,359	(82,353)	3,561	2,815,952	4,270,011	7,462	4,277,473
At 1st January, 2024 (audited)	841,926	612,477	1,089	24,382	(71,647)	3,561	2,800,961	4,212,749	7,263	4,220,012
Loss for the period	-	-	-	-	-	-	(32,360)	(32,360)	(186)	(32,546)
Exchange differences arising on translation of foreign operations	-	-	-	-	(13,773)	-	-	(13,773)	-	(13,773)
Fair value loss on equity instruments at FVTOCI	-	-	-	(908)	-	-	-	(908)	-	(908)
Total comprehensive expense for the period	-	-	-	(908)	(13,773)	-	(32,360)	(47,041)	(186)	(47,227)
At 30th June, 2024 (unaudited)	841,926	612,477	1,089	23,474	(85,420)	3,561	2,768,601	4,165,708	7,077	4,172,785

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

*FOR THE SIX MONTHS ENDED 30TH JUNE, 2024*

*Notes:*

- (a) The special capital reserve represents the difference arising from the reduction of the nominal value of the Company's shares in year 1999.
- (b) 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.
- (c) The other reserve represents the difference between the sales proceeds 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 in previous years.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE, 2024**

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating activities</b>		
Loss before taxation	(29,483)	(18,347)
Adjustments for:		
Decrease in fair value of investment properties	5,000	–
Loss (gain) on disposal of property, plant and equipment	741	(7)
Depreciation of property, plant and equipment	68,541	35,426
Depreciation of right-of-use asset	381	394
Other non-cash items	<u>20,510</u>	<u>16,294</u>
Operating cash flows before movements in working capital	65,690	33,760
Decrease in trade and other receivables	10,451	9,375
(Decrease) increase in rental and other deposits received	(340)	309
Decrease in contract liabilities and refund liabilities	(1,098)	(14,503)
Decrease in trade and other payables and accruals	(8,233)	(18,656)
(Increase) decrease in other deposits and prepayments	(1,880)	684
Other changes in working capital	<u>218</u>	<u>(953)</u>
Cash generated from operations	64,808	10,016
Hong Kong Profits Tax refunded	923	–
Income tax paid in other jurisdictions	<u>(3,762)</u>	<u>(3,313)</u>
<b>Net cash from operating activities</b>	<u>61,969</u>	<u>6,703</u>
<b>Investing activities</b>		
Addition of property, plant and equipment	(10,496)	(2,908)
Proceeds from disposal of property, plant and equipment	–	46
Interest received	<u>3,218</u>	<u>3,078</u>
<b>Net cash (used in) from investing activities</b>	<u>(7,278)</u>	<u>216</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(Continued)**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2024

	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Financing activities</b>		
Interest paid	(10,859)	(6,424)
Bank loans raised	150,000	10,000
Repayment of bank loans	(130,133)	(21,888)
(Repayment to) advance from immediate holding company	<u>(221,408)</u>	<u>2,533</u>
<b>Net cash used in financing activities</b>	<u>(212,400)</u>	<u>(15,779)</u>
<b>Net decrease in cash and cash equivalents</b>	(157,709)	(8,860)
<b>Cash and cash equivalents at the beginning of the period</b>	309,245	265,908
Effect of foreign exchange rate changes	<u>(1,794)</u>	<u>8,508</u>
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>	<u><u>149,742</u></u>	<u><u>265,556</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2024

## 1. BASIS OF PREPARATION

Magnificent Hotel Investments 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 Company’s immediate and intermediate holding company are Shun Ho Property Investments Limited and Shun Ho Holdings Limited, respectively, both are public limited companies incorporated in Hong Kong whose shares are listed on the Hong Kong Stock Exchange. The directors of the Company consider the Company’s 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 D2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The financial information relating to the year ended 31st December, 2023 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, 2023 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.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$364,495,000 as at 30th June, 2024. In the opinion of the directors of the Company, the Group has source of finance available to fund its operations, including internal financial resources and available unutilised banking facilities. Shun Ho Property Investments Limited, which is the immediate holding company, agreed not to demand repayment on the amount due to immediate holding company before the Group has the financial ability to do so. Accordingly, the condensed consolidated financial statements have been prepared in conformity with principles applicable to a going concern basis.

## 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, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December, 2023.

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

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following 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, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the 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:

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Income from operation of hotels	<b>224,959</b>	159,513
Income from property rental	<b>19,010</b>	18,395
Dividend income	<u>–</u>	<u>45</u>
	<b><u>243,969</u></b>	<b><u>177,953</u></b>

Disaggregation of revenue for operation of hotels:

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Types of goods or services (time of revenue recognition):		
Room revenue and other ancillary services (recognised over time)	<b>218,166</b>	157,673
Food and beverage (recognised at a point in time)	<u><b>6,793</b></u>	<u>1,840</u>
	<b><u>224,959</u></b>	<b><u>159,513</u></b>
Geographical markets:		
Hong Kong	<b>214,436</b>	159,513
The People's Republic of China (the "PRC")	<u><b>10,523</b></u>	<u>–</u>
	<b><u>224,959</u></b>	<b><u>159,513</u></b>

#### **4. SEGMENT INFORMATION**

The Group's operating and reportable segments, based on information reported to the chief operating decision maker (the "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 – Wood Street Hotel
8. Hospitality services – Grand Bay View Hotel
9. Property investment – Shops, hotel and residential properties
10. 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 result	
	Six months ended 30th June,		Six months ended 30th June,	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	<b>224,959</b>	159,513	<b>712</b>	30,151
– Best Western Plus Hotel Kowloon	<b>24,396</b>	25,521	<b>(1,758)</b>	4,377
– Best Western Plus Hotel Hong Kong	<b>40,851</b>	35,300	<b>11,990</b>	13,181
– Magnificent International Hotel, Shanghai	<b>10,523</b>	–	<b>1,555</b>	(7,427)
– Best Western Hotel Causeway Bay	<b>24,514</b>	21,995	<b>(850)</b>	1,877
– Ramada Hong Kong Harbour View	<b>40,936</b>	40,268	<b>11,373</b>	16,421
– Ramada Hong Kong Grand	<b>41,658</b>	36,429	<b>2,637</b>	1,722
– Grand Bay View Hotel	<b>42,081</b>	–	<b>(24,235)</b>	–
Property investment	<b>19,010</b>	18,395	<b>14,010</b>	18,395
Securities investment	<b>–</b>	45	<b>–</b>	45
	<b><u>243,969</u></b>	<b><u>177,953</u></b>	<b>14,722</b>	48,591
Other income and gains and losses			<b>2,182</b>	3,618
Administrative expenses			<b>(23,159)</b>	(51,110)
Finance costs			<b>(23,228)</b>	(19,446)
Loss before taxation			<b><u>(29,483)</u></b>	<b><u>(18,347)</u></b>

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administrative costs, other income 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, 2024 <i>HK\$'000</i> (Unaudited)	As at 31st December, 2023 <i>HK\$'000</i> (Audited)
<b>Segment assets</b>		
Hospitality services	<b>3,668,104</b>	3,741,293
– Best Western Plus Hotel Kowloon	<b>212,285</b>	213,209
– Best Western Plus Hotel Hong Kong	<b>302,311</b>	305,560
– Magnificent International Hotel, Shanghai	<b>54,369</b>	58,066
– Best Western Hotel Causeway Bay	<b>265,004</b>	271,689
– Ramada Hong Kong Harbour View	<b>473,257</b>	476,977
– Ramada Hong Kong Grand	<b>560,844</b>	577,643
– Wood Street Hotel	<b>409,043</b>	412,253
– Grand Bay View Hotel	<b>1,390,991</b>	1,425,896
Property investment	<b>1,048,495</b>	1,061,460
Securities investment	<b>99,831</b>	100,739
Total segment assets	<b>4,816,430</b>	4,903,492
Unallocated assets	<b>221,981</b>	382,880
<b>Consolidated assets</b>	<b><u>5,038,411</u></b>	<b><u>5,286,372</u></b>

#### 4. SEGMENT INFORMATION *(Continued)*

##### Segment assets and liabilities *(Continued)*

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

	As at <b>30th June,</b> <b>2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> (Audited)
<b>Segment liabilities</b>		
Hospitality services	<b>29,429</b>	37,992
– Best Western Plus Hotel Kowloon	<b>4,650</b>	5,504
– Best Western Plus Hotel Hong Kong	<b>4,137</b>	6,467
– Magnificent International Hotel, Shanghai	<b>1,786</b>	961
– Best Western Hotel Causeway Bay	<b>3,846</b>	4,821
– Ramada Hong Kong Harbour View	<b>5,289</b>	5,978
– Ramada Hong Kong Grand	<b>3,305</b>	7,433
– Grand Bay View Hotel	<b>6,416</b>	6,828
Property investment	<b>11,436</b>	11,406
Securities investment	<b>1</b>	1
Total segment liabilities	<b>40,866</b>	49,399
Unallocated liabilities	<b>824,760</b>	1,016,961
<b>Consolidated liabilities</b>	<b>865,626</b>	1,066,360

#### 4. SEGMENT INFORMATION *(Continued)*

##### Segment assets and liabilities *(Continued)*

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), 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 immediate holding company, amount due to a shareholder, bank loans, tax liabilities and deferred tax liabilities.

#### 5. FINANCE COSTS

	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans	10,764	6,242
Amount due to immediate holding company <i>(note 15(a))</i>	<u>12,464</u>	<u>13,204</u>
	<u>23,228</u>	<u>19,446</u>



## 6. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)

The taxation expense (credit) comprises:

Current tax:

Hong Kong	<b>2,260</b>	4,669
The PRC	–	13
The United Kingdom (the “UK”)	<b>2,459</b>	2,722
	<b>4,719</b>	7,404

Deferred tax

	<b>(1,656)</b>	(7,890)
	<b>3,063</b>	(486)

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, 2024 (six months ended 30th June, 2023: 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 profit earned by the Company’s PRC subsidiary amounted to HK\$140,000 (six months ended 30th June, 2023: HK\$Nil) were charged to profit or loss for the six months ended 30th June, 2024.

The Group is operating in certain jurisdictions where the Pillar Two Rules is enacted but not effective. However, as the Group’s consolidated annual revenue is expected to be less than EUR 750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

## 7. LOSS FOR THE PERIOD

Six months ended 30th June,	
2024	2023
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

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

Depreciation of right-of-use asset	381	394
Depreciation of property, plant and equipment	68,541	35,426
Interest on bank deposits ( <i>Note</i> )	(2,718)	(3,152)
Loss (gain) on disposal of property, plant and equipment ( <i>Note</i> )	<u>741</u>	<u>(7)</u>

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

## 8. DIVIDEND

During the six months ended 30th June, 2024 and 30th June, 2023, no dividend was declared and paid to shareholders for the year ended 31st December, 2023 and 31st December, 2022.

The directors have resolved not to declare or propose an interim dividend for the six months ended 30th June, 2024 and 30th June, 2023.

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$32,360,000 (six months ended 30th June, 2023: HK\$17,920,000) and on 8,947,051,000 shares (six months ended 30th June, 2023: 8,947,051,000 shares) in issue during the period.

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

## **10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

During the six months ended 30th June, 2024, the Group acquired property, plant and equipment of HK\$10,496,000 (six months ended 30th June, 2023: HK\$2,908,000).

The Group has disposed of property, plant and equipment with carrying amount of HK\$741,000 (six months ended 30th June, 2023: HK\$39,000) for cash proceeds of HK\$Nil (six months ended 30th June, 2023: HK\$46,000), resulting in a loss on disposal of HK\$741,000 (six months ended 30th June, 2023: gain on disposal of HK\$7,000).

Investment properties are stated at fair value based on the valuations performed by independent professional valuers which are not connected with the Group. 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 resulting decrease in fair value of investment properties of HK\$5,000,000 (six months ended 30 June, 2023: HK\$Nil) has been recognised directly in profit or loss for the six months ended 30th June, 2024.

The investment properties of the Group with an aggregate carrying amount of approximately HK\$1,019,495,000 (31st December, 2023: HK\$1,031,460,000) were rented out under operating leases at the end of the reporting period.

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

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.

## 11. TRADE AND OTHER RECEIVABLES

	As at <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
Trade receivables from contracts with customers	<b>5,254</b>	15,569
Other receivables	<b>2,255</b>	2,891
	<b>7,509</b>	18,460

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 presented based on the invoice date at the end of the reporting period:

	As at <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
Not yet due	<b>5,000</b>	14,947
Overdue:		
0 – 30 days	<b>56</b>	137
31 – 60 days	<b>43</b>	25
61 – 90 days	<b>155</b>	460
	<b>5,254</b>	15,569

## 12. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
Trade payables	4,030	3,875
Interest payables	293	388
Other payables	581	971
Legal and professional fee payables	2,149	2,167
Receipt in advance	9,929	8,150
Accrued staff costs	6,010	13,581
Other accruals	9,791	11,979
	<u>32,783</u>	<u>41,111</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 <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
0 – 30 days	4,017	3,864
31 – 60 days	5	9
61 – 90 days	8	2
	<u>4,030</u>	<u>3,875</u>

### 13. BANK LOANS

	As at <b>30th June,</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(Audited)</b>
Secured bank loans	<u><b>348,068</b></u>	<u>330,298</u>
The carrying amounts of bank loans are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within a period of more than one year but not exceeding two years	<u><b>230,068</b></u>	<u>232,050</u>
The carrying amounts of bank loans that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	<u><b>118,000</b></u>	<u>98,248</u>
	<u><b>348,068</b></u>	<u>330,298</u>
Amounts shown under current liabilities	<b>118,000</b>	98,248
Amounts shown under non-current liabilities	<u><b>230,068</b></u>	<u>232,050</u>
	<u><b>348,068</b></u>	<u>330,298</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 16. Effective interest rate is 6.11% per annum (31st December, 2023: 5.76% per annum).

## 14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Issued and fully paid:		
At 1st January, 2023 (audited),		
30th June, 2023 (unaudited),		
31st December, 2023 (audited) and		
30th June, 2024 (unaudited)	<u>8,947,051</u>	<u>841,926</u>

## 15. 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,	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions during the period:		
<b>Shun Ho Property Investments Limited</b> <b>(the Company's immediate holding</b> <b>company) and its subsidiaries*</b>		
Expense related to short term leases	520	520
Interest expenses ( <i>note a</i> )	12,464	13,204
Corporate management fee income for administrative facilities provided	2,307	2,046
Corporate management fee income for hotel operations services provided	–	263
<b>Shun Ho Holdings Limited (the Company's</b> <b>intermediate holding company)</b>		
Corporate management fee income for administrative facilities provided	75	75
Rental income from Mr. William Cheng Kai Man	420	420
Compensation of key management personnel ( <i>note c</i> )	<u>6,684</u>	<u>5,858</u>

## 15. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

	As at 30th June, 2024 HK\$'000 (Unaudited)	As at 31st December, 2023 HK\$'000 (audited)
Balances as at period/year end:		
Amount due to the immediate holding company at the end of the reporting period <i>(Note a)</i>	331,078	540,022
Amount due to Mr. William Cheng Kai Man <i>(Note b)</i>	<u>5,088</u>	<u>5,088</u>

\* exclude the Company and its subsidiaries

### Notes:

- (a) The amount due to immediate holding company was unsecured, carried interest at 5.72% per annum (30th June, 2023: 4.22% per annum) and repayable on demand.
- (b) The amount due to a shareholder which is non-traded related, unsecured, interest fee and repayable on demand.
- (c) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

## 16. 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, 2024 of approximately HK\$969 million (31st December, 2023: HK\$980 million), and HK\$1,519 million (31st December, 2023: HK\$1,545 million), respectively;
- (b) pledge of shares in certain subsidiaries of the Company with an aggregate net asset value as at 30th June, 2024 of approximately HK\$635 million (31st December, 2023: HK\$634 million);
- (c) assignment of property rental of certain subsidiaries of the Company; and
- (d) assignment of insurance on a hotel property.



## 17. 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, 2024	31st December, 2023		
	<i>HK\$'000</i>	<i>HK\$'000</i>		
	(Unaudited)	(Audited)		
Equity instruments at FVTOCI	<u>99,831</u>	<u>100,739</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.