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# SHUN HO PROPERTY INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 219)

## 2024 INTERIM RESULTS

### RESULTS

The board (the “Board”) of directors (the “Directors”) of Shun Ho Property 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\$61 million (six months ended 30th June, 2023: HK\$49 million), increased by HK\$12 million. The unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the period, together with comparative figures for the previous period, are as follows:

### Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2024

		Six months ended	
	NOTES	30.6.2024	30.6.2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		259,757	190,509
Leases		59,818	60,479
Dividend income		-	45
Total revenue		319,575	251,033
Cost of sales		(1,750)	(486)
Other services costs		(180,129)	(113,284)
Depreciation of property, plant and equipment		(80,425)	(47,232)
Depreciation of right-of-use asset		(381)	(394)
Gross Profit		56,890	89,637
Net decrease in fair value of investment properties		(92,232)	-
Other income and expenses and gains and losses		1,279	3,099
Administrative expenses		(30,573)	(57,187)
- Depreciation		(2,033)	(2,088)
- Others		(28,540)	(55,099)
Finance costs	5	(31,732)	(26,510)
(Loss) profit before taxation		(96,368)	9,039
Income tax expense	6	(7,685)	(5,495)
(Loss) profit for the period	7	(104,053)	3,544

**Condensed Consolidated Statement of Profit or Loss (Continued)***For the six months ended 30th June, 2024*

		<b>Six months ended</b>	
	<i>NOTE</i>	<b>30.6.2024</b>	30.6.2023
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(92,837)</b>	9,162
Non-controlling interests		<b><u>(11,216)</u></b>	<u>(5,618)</u>
		<b><u>(104,053)</u></b>	<u>3,544</u>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
(Loss) earnings per share			
Basic	9	<b><u>(18.15)</u></b>	<u>1.79</u>

## Condensed Consolidated Statement of Total Comprehensive Income

For the six months ended 30th June, 2024

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period	<u>(104,053)</u>	<u>3,544</u>
<b>Other comprehensive (expense) income</b>		
<b>Item that will not be reclassified to profit or loss</b>		
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	455	455
<b>Item that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	<u>(13,773)</u>	<u>53,257</u>
Other comprehensive (expense) income for the period	<u>(13,318)</u>	<u>53,712</u>
Total comprehensive (expense) income for the period	<u>(117,371)</u>	<u>57,256</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(102,306)	47,346
Non-controlling interests	<u>(15,065)</u>	<u>9,910</u>
	<u>(117,371)</u>	<u>57,256</u>

## Condensed Consolidated Statement of Financial Position

At 30th June, 2024

	<i>NOTES</i>	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		4,698,078	4,776,307
Right-of-use asset		21,880	23,131
Investment properties		4,802,595	4,685,260
Equity instruments at FVTOCI		<u>45,320</u>	<u>44,865</u>
		<u><b>9,567,873</b></u>	<u>9,529,563</u>
<b>Current Assets</b>			
Inventories		1,490	1,761
Trade and other receivables	10	10,468	23,630
Other deposits and prepayments		14,961	12,629
Bank balances and cash		<u>184,638</u>	<u>334,479</u>
		<u><b>211,557</b></u>	<u>372,499</u>
<b>Current Liabilities</b>			
Trade and other payables and accruals	11	42,949	53,562
Rental and other deposits received		7,797	7,744
Contract liabilities		8,721	7,378
Refund liabilities		-	1,754
Amount due to an intermediate holding company		7,063	7,830
Amount due to a shareholder		5,088	5,088
Tax liabilities		41,074	34,402
Bank loans		<u>151,200</u>	<u>131,448</u>
		<u><b>263,892</b></u>	<u>249,206</u>
<b>Net Current (Liabilities) Assets</b>		<u><b>(52,335)</b></u>	<u>123,293</u>
<b>Total Assets less Current Liabilities</b>		<u><b>9,515,538</b></u>	<u>9,652,856</u>
<b>Capital and Reserves</b>			
Share capital		1,084,887	1,084,887
Reserves		<u>6,149,605</u>	<u>6,251,911</u>
Equity attributable to owners of the Company		7,234,492	7,336,798
Non-controlling interests		<u>1,208,173</u>	<u>1,223,238</u>
<b>Total Equity</b>		<u><b>8,442,665</b></u>	<u>8,560,036</u>
<b>Non-Current Liabilities</b>			
Bank loans		873,389	891,971
Rental deposits received		22,513	22,034
Deferred tax liabilities		<u>176,971</u>	<u>178,815</u>
		<u><b>1,072,873</b></u>	<u>1,092,820</u>
		<u><b>9,515,538</b></u>	<u>9,652,856</u>

*NOTES:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

**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 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.

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### *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</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Income from operation of hotels	<b>259,757</b>	190,509
Income from property rental	<b>59,818</b>	60,479
Dividend income	<b>-</b>	45
	<b><u>319,575</u></b>	<u>251,033</u>

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

The Group's operating and reportable segments, based on the 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 - Ramada Hong Kong Grand View
8. Hospitality services - Wood Street Hotel
9. Hospitality services - Grand Bay View Hotel
10. Property investment - 633 King's Road
11. Property investment - Shun Ho Tower
12. Property investment - Shops, hotel and residential properties
13. 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:

	<u>Segment revenue</u>		<u>Segment results</u>	
	Six months ended		Six months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hospitality services	<b>259,757</b>	190,509	<b>(1,066)</b>	30,674
- Best Western Plus Hotel Kowloon	<b>24,396</b>	25,521	<b>(4,389)</b>	1,747
- 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
- Ramada Hong Kong Grand View	<b>34,798</b>	30,996	<b>853</b>	3,153
- Grand Bay View Hotel	<b>42,081</b>	-	<b>(24,235)</b>	-
Property investments	<b>59,818</b>	60,479	<b>(34,276)</b>	58,918
- 633 King's Road	<b>32,215</b>	34,198	<b>(39,377)</b>	32,928
- Shun Ho Tower	<b>7,166</b>	7,596	<b>(9,404)</b>	7,305
- Shops, hotel and residential properties	<b>20,437</b>	18,685	<b>14,505</b>	18,685
Securities investment	<u>-</u>	<u>45</u>	<u>-</u>	<u>45</u>
	<b><u>319,575</u></b>	<b><u>251,033</u></b>	<b><u>(35,342)</u></b>	<b><u>89,637</u></b>
Other income and expenses and gains and losses			<b>1,279</b>	3,099
Administrative expenses			<b>(30,573)</b>	(57,187)
Finance costs			<b><u>(31,732)</u></b>	<b><u>(26,510)</u></b>
(Loss) profit before taxation			<b><u>(96,368)</u></b>	<b><u>9,039</u></b>



## 5. FINANCE COSTS

	Six months ended	
	30.6.2024 <i>HK\$'000</i> (unaudited)	30.6.2023 <i>HK\$'000</i> (unaudited)
Interests on:		
Bank loans	31,657	26,451
Amount due to an intermediate holding company	<u>75</u>	<u>59</u>
	<u><b>31,732</b></u>	<u><b>26,510</b></u>

## 6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2024 <i>HK\$'000</i> (unaudited)	30.6.2023 <i>HK\$'000</i> (unaudited)
The taxation expense comprises:		
Current tax:		
Hong Kong	7,070	9,871
The People's Republic of China (the "PRC")	-	13
The United Kingdom (the "UK")	<u>2,459</u>	<u>2,722</u>
	9,529	12,606
Deferred tax	<u>(1,844)</u>	<u>(7,111)</u>
	<u><b>7,685</b></u>	<u><b>5,495</b></u>

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

## 7. (LOSS) PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of right-of-use asset	<b>381</b>	394
Depreciation of property, plant and equipment	<b>82,458</b>	49,320
Interest on bank deposits (Note)	<b>(2,981)</b>	(3,152)
Loss (gain) on disposal of property, plant and equipment (Note)	<u><b>2,497</b></u>	<u>(7)</u>

Note: The amounts are included in other income and expenses 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) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the period attributable to owners of the Company of HK\$92,837,000 (six months ended 30th June, 2023: profit of HK\$9,162,000) and on 511,613,000 shares (six months ended 30th June, 2023: 511,613,000 shares) in issue during the period. The number of shares adopted in the calculation of the (loss) earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary of the Company.

Diluted (loss) earnings per share for both periods are not presented as there are no potential ordinary shares exist during both periods.

## 10. TRADE AND OTHER RECEIVABLES

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
Trade receivables from contracts with customers	6,268	17,781
Lease receivables	1,821	2,805
Other receivables	<u>2,379</u>	<u>3,044</u>
	<u><b>10,468</b></u>	<u><b>23,630</b></u>

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

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
Not yet due	7,834	19,964
Overdue:		
0 – 30 days	56	137
31 – 60 days	43	25
61 – 90 days	<u>156</u>	<u>460</u>
	<u><b>8,089</b></u>	<u><b>20,586</b></u>

## 11. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
Trade payables	4,514	4,129
Other payables and accruals	<u>38,435</u>	<u>49,433</u>
	<u><b>42,949</b></u>	<u><b>53,562</b></u>

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

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
0 – 30 days	4,500	4,118
31 – 60 days	5	9
61 – 90 days	<u>9</u>	<u>2</u>
	<u><b>4,514</b></u>	<u><b>4,129</b></u>

## 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 and commercial property rental 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 commercial property investment, property leasing and property development, and through its major subsidiaries continued with the hotel investments and hotel management.

The net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the six months ended 30th June, 2024 was HK\$61 million (six months ended 30th June, 2023: HK\$49 million), increased by HK\$12 million (+25%).

	<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>(4,543)</b>	10,777	N/A
(Loss) profit from property investment	<b>(62,531)</b>	52,305	N/A
Income from securities investments	-	45	-100%
Other income and expenses and gains and losses	<u><b>1,279</b></u>	<u>3,099</u>	-59%
	<b>(65,795)</b>	66,226	N/A
Administrative expenses	<b>(30,573)</b>	(57,187)	-47%
Income tax expense	<u><b>(7,685)</b></u>	<u>(5,495)</u>	+40%
(Loss) profit after taxation	<b>(104,053)</b>	3,544	N/A
Non-controlling interests	<u><b>11,216</b></u>	<u>5,618</u>	+100%
(Loss) profit after taxation and non-controlling interests	<b>(92,837)</b>	9,162	N/A
Add: Revaluation loss	<b>90,787</b>	-	N/A
Add: Depreciation of land, property and equipment	<u><b>62,914</b></u>	<u>39,358</u>	+60%
Net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment	<u><u><b>60,864</b></u></u>	<u><u>48,520</u></u>	<b>+25%</b>

The overall increase in profit for the six months ended 30th June, 2024 was mainly due to increase in hotel revenue by 36% and no more pre-operating expenses and repair and refurbishment cost of Grand Bay View Hotel.

## PERFORMANCE

### 1. Hotel Business

The income from hotel operations of the Group amounted to HK\$260 million (six months ended 30th June, 2023: HK\$191 million), increased by 36%.

The Group owns 71.09% of Magnificent Hotel Investments Limited (“Magnificent Hotel”, together with its subsidiaries, “Magnificent Hotel Group”) as its hotel investment subsidiary. The Group and Magnificent Hotel Group presently own nine hotels, including: (1) Ramada Hong Kong Grand View, (2) Ramada Hong Kong Harbour View, (3) Best Western Plus Hotel Kowloon, (4) Best Western Plus Hotel Hong Kong, (5) Ramada Hong Kong Grand, (6) Best Western Hotel Causeway Bay, (7) Grand Bay View Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 3,042 guest rooms and the Group is one of the largest hotel groups in Hong Kong.

The net profit after tax attributable to owners of Magnificent Hotel before 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>		Change
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)	
(Loss) profit from operation of hotels	<b>(15,229)</b>	16,471	N/A
Profit from property investment	<b>6,723</b>	12,629	-47%
Income from securities investments	-	45	-100%
Other income and gain and losses	<u><b>2,182</b></u>	<u>3,618</u>	-40%
	<b>(6,324)</b>	32,763	N/A
Administrative expenses	<b>(23,159)</b>	(51,110)	-55%
Income tax (expense) credit	<u><b>(3,063)</b></u>	<u>486</u>	N/A
Loss after taxation	<b>(32,546)</b>	(17,861)	+82%
Non-controlling interests	<u><b>186</b></u>	<u>(59)</u>	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	<u><b>68,922</b></u>	<u>35,820</u>	+92%
Net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment	<u><b>41,562</b></u>	<u>17,900</u>	<b>+132%</b>

The overall increase in profit for the Magnificent Hotel Group 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.

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

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.

## 2. Commercial Properties Rental Income

The commercial properties rental income was derived from the hotel property in UK, Royal Scot Hotel in London, office buildings of Shun Ho Tower, 633 King's Road and shops from Best Western Plus Hotel Kowloon, Best Western Plus Hotel Hong Kong and Ramada Hong Kong Grand amounted to HK\$60 million (six months ended 30th June, 2023: HK\$60 million).

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$28.5 million (six months ended 30th June, 2023: HK\$55.1 million). The decrease was mainly due to no more pre-operating expenses, repair and refurbishment cost of Grand Bay View Hotel and Magnificent International Hotel, Shanghai recorded for the period.

## LIQUIDITY

As at 30th June, 2024, the **OVERALL DEBTS** of the Group including Magnificent Hotel and its subsidiaries was HK\$1,037 million (31st December, 2023: HK\$1,036 million). The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) in terms of overall debts against funds employed was 12% (31st December, 2023: 12%).

As at 30th June, 2024, the **debt ratio was 7%** (31st December, 2023: 7%) in term of overall debt of HK\$1,037 million (31st December, 2023: HK\$1,036 million) against the fully revalued net asset value of the Group amounted to HK\$14,490 million (31st December, 2023: HK\$14,570 million).

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

As at 30th June, 2024, the Group had a total number of 622 employees (31st December, 2023: 562 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 36% to HK\$260 million and the total income of the Group increased by 27% to HK\$320 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.

On 15th April, 2024, the Group acquired Jessville Manor located at Jessville, No. 128 Pok Fu Lam Road, Hong Kong from Samsbury Investments Limited at a consideration of HK\$207,000,000 which has a gross floor area of 12,288 sq. ft. (HK\$21,112 per sq. ft. calculated based on 9,805 sq. ft. internal saleable area).

## **LOOKING AHEAD**

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

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.

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

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.

## **MATERIAL ACQUISITION OF THE GROUP**

On 22 March 2024, Miluda Limited, a subsidiary of the Company, entered into a formal sale and purchase agreement with Samsbury Investments Limited, an independent third party to the Company (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) for the acquisition of Jessville Manor located at Jessville, No. 128 Pok Fu Lam Road, Hong Kong at a total consideration of HK\$207,000,000 (the "Acquisition"), which constituted a major transaction for the Company which required approval of shareholders of the Company. Since no shareholders of the Company were required to abstain from voting at the general meeting to approve the Acquisition, written shareholder approval was accepted in lieu of holding general meeting of the Company to approve the Acquisition. The Acquisition was completed on 15 April 2024. Further details of the Acquisition were disclosed in the Company's announcement dated 22 March 2024 and circular dated 21 May 2024.

## **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.

## **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 Listing Rules with the exception of the following deviation:

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

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

### **(b) Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the period.

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2024.

By Order of the Board

**William CHENG Kai Man**  
*Chairman*

Hong Kong, 16th August, 2024

*As at the date hereof, the Board of the Company comprises four Executive Directors, namely Mr. William Cheng Kai Man (Chairman), Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May and Madam Ng Yuet Ying; one Non-executive Director, namely, Madam Mabel Lui Fung Mei Yee; and three Independent Non-executive Directors, namely, Mr. Chan Kim Fai, Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho.*