SHUN HO HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

RESULTS

The board of directors (the "Board") of Shun Ho Holdings Limited (the "Company") announces that the net profit after tax attributable to owners of the Company before depreciation of property, plant and equipment and release of prepaid lease payments for land for the year ended 31st December, 2018 was HK$354 million (2017: HK$444 million), decreased by 20%. The audited consolidated results of the Company and its subsidiaries (together the "Group") for the year, together with comparative figures for the previous year, are as follows:

Consolidated Statement of Profit or Loss

For the year ended 31st December, 2018

	NOTES	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*3*	**787,132**	671,557
Cost of sales		**(4,687)**	(4,694)
Other service costs		**(303,781)**	(263,497)
Depreciation of property, plant and equipment and release of prepaid lease payments for land		**(98,597)**	(87,984)
Gross profit		**380,067**	315,382
Increase in fair value of investment properties		**432,450**	669,900
Other income and expenses and gains and losses		**13,335**	(15,539)
Administrative expenses		**(54,225)**	(55,698)
- Depreciation		**(8,454)**	(8,088)
- Others		**(45,771)**	(47,610)
Finance costs	*5*	**(35,545)**	(21,606)
Profit before taxation	*6*	**736,082**	892,439
Income tax expense	*7*	**(56,791)**	(48,030)
Profit for the year		**679,291**	844,409

Consolidated Statement of Profit or Loss *(Continued)*
For the year ended 31st December, 2018

	NOTE	2018	2017
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**310,239**	407,250
Non-controlling interests		**369,052**	437,159
		679,291	844,409
		HK cents	*HK cents*
Earnings per share	*8*		
Basic		**128.3**	168.4
Diluted		**N/A**	N/A

Consolidated Statement of Total Comprehensive Income
For the year ended 31st December, 2018

	2018 *HK$'000*	2017 *HK$'000*
Profit for the year	**679,291**	844,409
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss		
Fair value loss on equity instruments at fair value through other comprehensive income	**(810)**	-
Items that may subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(41,941)**	75,068
Fair value gain on available-for-sale investments	**-**	453
Other comprehensive (expense) income for the year	**(42,751)**	75,521
Total comprehensive income for the year	**636,540**	919,930
Total comprehensive income attributable to:		
Owners of the Company	**294,650**	434,251
Non-controlling interests	**341,890**	485,679
	636,540	919,930

Consolidated Statement of Financial Position

At 31st December, 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-Current Assets			
Property, plant and equipment		**3,833,997**	3,820,845
Prepaid lease payments for land		**27,105**	29,528
Investment properties		**5,016,500**	4,638,300
Properties under development		**-**	74,157
Available-for-sale investments		**-**	7,221
Equity instruments at fair value through other comprehensive income		**4,515**	-
		8,882,117	8,570,051
Current Assets			
Inventories		**1,459**	1,240
Prepaid lease payments for land		**815**	862
Trade and other receivables	*9*	**31,980**	30,515
Other deposits and prepayments		**12,999**	10,703
Bank balances and cash		**583,248**	901,914
		630,501	945,234
Current Liabilities			
Trade and other payables and accruals	*10*	**36,721**	36,405
Rental and other deposits received		**22,616**	14,062
Contract liabilities		**5,031**	-
Amount due to ultimate holding company		**26,494**	28,728
Tax liabilities		**16,421**	11,580
Bank loans		**272,850**	536,969
		380,133	627,744
Net Current Assets		**250,368**	317,490
Total Assets less Current Liabilities		**9,132,485**	8,887,541
Capital and Reserves			
Share capital		**172,252**	172,252
Reserves		**3,712,395**	3,372,105
Equity attributable to owners of the Company		**3,884,647**	3,544,357
Non-controlling interests		**4,245,085**	3,996,762
Total Equity		**8,129,732**	7,541,119
Non-Current Liabilities			
Bank loans		**810,674**	1,155,604
Rental deposits received		**28,557**	32,160
Deferred tax liabilities		**163,522**	158,658
		1,002,753	1,346,422
		9,132,485	8,887,541

Notes:

1. GENERAL

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The financial information relating to the years ended 31st December, 2018 and 2017 included in this preliminary announcement of annual results 2018 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December, 2018 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies.

3. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Income from operation of hotels	**625,881**	513,264
Income from property rental	**160,938**	157,918
Dividend income	**313**	375
	787,132	671,557

4. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 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 - Best Western Hotel Harbour View
6. Hospitality services - Best Western Grand Hotel
7. Hospitality services - Grand City Hotel
8. Hospitality services - Grand View Hotel
9. Property investment - 633 King's Road
10. Property investment - Shun Ho Tower
11. Properties investment – Shops and hotel
12. 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 segments for both years:

	Segment revenue		Segment profit	
	Year ended 31st December,		Year ended 31st December,	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**625,881**	513,264	**219,344**	159,356
- Best Western Plus Hotel Kowloon	**69,763**	62,232	**13,756**	9,547
- Best Western Plus Hotel Hong Kong	**90,715**	81,600	**42,144**	35,215
- Magnificent International Hotel, Shanghai	**19,969**	22,857	**3,334**	6,741
- Best Western Hotel Causeway Bay	**72,108**	64,922	**24,725**	19,384
- Best Western Hotel Harbour View	**113,247**	97,048	**53,433**	41,028
- Best Western Grand Hotel	**117,884**	106,054	**38,959**	28,629
- Grand City Hotel	**56,354**	49,031	**21,996**	16,161
- Grand View Hotel	**85,841**	29,520	**20,997**	2,651
Properties investment	**160,938**	157,918	**592,860**	825,551
- 633 King's Road	**101,516**	100,365	**371,221**	558,563
- Shun Ho Tower	**24,660**	23,329	**89,127**	182,564
- Shops and hotel	**34,762**	34,224	**132,512**	84,424
Securities investment	**313**	375	**313**	375
	787,132	671,557	**812,517**	985,282
Other income and expenses and gains and losses			**13,335**	(15,539)
Central administration costs and directors' emoluments			**(54,225)**	(55,698)
Finance costs			**(35,545)**	(21,606)
Profit before taxation			**736,082**	892,439

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and the United Kingdom (the "UK").

The following is an analysis of the Group's revenue primarily by geographical markets based on location of assets:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**735,004**	617,200
The PRC	**19,969**	22,857
The UK	**32,159**	31,500
	787,132	671,557

5. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interests on :		
Bank loans	**32,769**	19,346
Amount due to ultimate holding company	**2,776**	2,260
	35,545	21,606

6. PROFIT BEFORE TAXATION

	2018 *HK$'000*	2017 *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**4,012**	3,993
Staff costs including directors' emoluments	**217,466**	185,697
Depreciation of property, plant and equipment	**106,236**	95,210
Loss on disposal of property, plant and equipment	**101**	42
Release of prepaid lease payments for land	**815**	862
Operating lease rental in respect of rented equipment	**1,531**	1,577
Gross rental income from investment properties	**(160,938)**	(157,918)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**528**	2,266
	(160,410)	(155,652)

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	**46,089**	38,755
The PRC	**733**	1,605
The UK	**5,262**	4,650
	52,084	45,010
Overprovision in prior years		
Hong Kong	**(95)**	(206)
The UK	**(62)**	-
	51,927	44,804
Deferred tax		
Current year	**4,864**	3,226
	56,791	48,030

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$310,239,000 (2017: HK$407,250,000) and on 241,766,000 shares (2017: 241,766,000 shares) in issue during the year. The number of shares adopted in the calculation of the earnings per share has been arrived at after eliminating the shares in the Company held by a subsidiary.

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

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**24,604**	26,413
Other receivables	**7,376**	4,102
	31,980	30,515

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

	2018	2017
	HK$'000	*HK$'000*
Not yet due	**23,385**	25,489
Overdue:		
0-30 days	**1,057**	865
31-60 days	**119**	57
61-90 days	**43**	2
	24,604	26,413

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**4,072**	4,163
Other payables and accruals (Note)	**32,649**	32,242
	36,721	36,405

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:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**3,979**	3,776
31-60 days	**72**	378
61-90 days	**21**	9
	4,072	4,163

Note: As at 31st December, 2018, other payables and accruals include construction costs payable of HK$1,100,000 (2017: HK$2,502,000).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2018 (2017: Nil).

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the Annual General Meeting to be held on Monday, 27th May, 2019 ("AGM"), the register of members will be closed from Tuesday, 21st May, 2019 to Monday, 27th May, 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 20th May, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group continued with the commercial properties investment and leasing, and hotels investments and hotel management.

The net profit after tax attributable to the owners of the Company before depreciation of land, property and equipment for the year ended 31st December, 2018 was HK$354 million (2017: HK$444 million), decreased by 20%. It was mainly due to the decrease in revaluation profit of investment properties from HK$669,900,000 to HK$432,450,000. However, the profit from hotel operations of the Group amounted to HK$199 million (2017: HK$148 million), increased by 34%.

PERFORMANCE

Hotel Business

The Group through its subsidiaries presently owns nine hotels, (1) Ramada Hong Kong Harbour View, (2) Best Western Plus Hotel Kowloon, (3) Best Western Plus Hotel Hong Kong, (4) Best Western Grand Hotel, (5) Best Western Hotel Causeway Bay, (6) Grand City Hotel, (7) Grand View Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 2,821 guest rooms which is one of the largest hotel groups in Hong Kong.

The net profit after tax attributable to the owners of Magnificent Hotel before exchange adjustment, revaluation gain of investment properties and depreciation of land, property and equipment for the year ended 31st December, 2018 was HK$241 million (2017: HK$202 million), increased by 19%. The hotel revenue of Magnificent Hotel increased by 12% with profit from hotel operations increased by 26%. The average occupancy in the Group's Hong Kong hotels was 99% and the average room rate was HK$751. The major reason for the above increase was due to increase in room rates.

Commercial Properties Rental Income

The commercial properties rental income was derived from the hotel property in UK, office buildings of Shun Ho Tower, 633 King's Road and shops from Best Western Plus Hotel Kowloon, Best Western Plus Hotel Hong Kong and Best Western Grand Hotel amounted to HK$161 million (2017: HK$158 million).

The commercial properties rental income was analysed as follows:

	2017	**2018**	Change	
	HK$'000	***HK$'000***		
Royal Scot Hotel	31,500	**32,159**	+2%	
633 King's Road	100,365	**101,516**	+1%	
Shun Ho Tower	23,329	**24,660**	+6%	(Note)
Shops	2,724	**2,603**	-5%	
Total	157,918	**160,938**	+2%	

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

During the year, the commercial building at 633 King's Road and Shun Ho Tower were almost fully occupied. The increase of office building rental was due to the renewal of leases during the year. The decrease of shop rental was due to the expiry of the tenancy of ground floor of Best Western Plus Hotel Kowloon.

Grand View Hotel

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	100	100	100	100	100	100	100	100	100
Avg Room Rate (HK$)	564	586	583	754	495	517	586	695	591	883	927	882	672

- The 2018 full year **total income** was HK$85,841,000 (from August to December 2017: HK$29,520,000), increased by **+191%**.
- The 2018 full year **net operating income** was HK$41,946,000 (from August to December 2017: HK$12,800,000), increased by **+228%**.
- Under the leadership of our Chairman, Mr. William Cheng, Grand View Hotel during the year obtained the approval for potential re-development plan and subsequently the hotel property achieved substantial increase in valuation.
- The hotel will be re-branded to the 4 star brand of **RAMADA HONG KONG GRAND VIEW** from 3rd May, 2019.

Ramada Hong Kong Harbour View

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	100	100	100	100	99	100	100	99	100
Avg Room Rate (HK$)	599	653	643	795	502	524	584	682	596	891	929	877	690

- The **total income** was HK$113,247,000 (2017: HK$97,048,000), increased by **+17%**.
- The **net operating income** was HK$59,070,000 (2017: HK$47,334,000), increased by **+25%**.
- Best Western Hotel Harbour View was re-branded to the higher class **RAMADA HONG KONG HARBOUR VIEW** in January 2019.

Best Western Grand Hotel

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	99	100	99	99	99	99	99	100	100	99	99	99	99
Avg Room Rate (HK$)	719	744	731	843	571	622	662	780	680	974	999	1,043	781

- The **total income** was HK$117,884,000 (2017: HK$106,054,000), increased by **+11%**.
- The **net operating income** was HK$67,913,000 (2017: HK$58,799,000), increased by **+16%**.

Best Western Plus Hotel Hong Kong

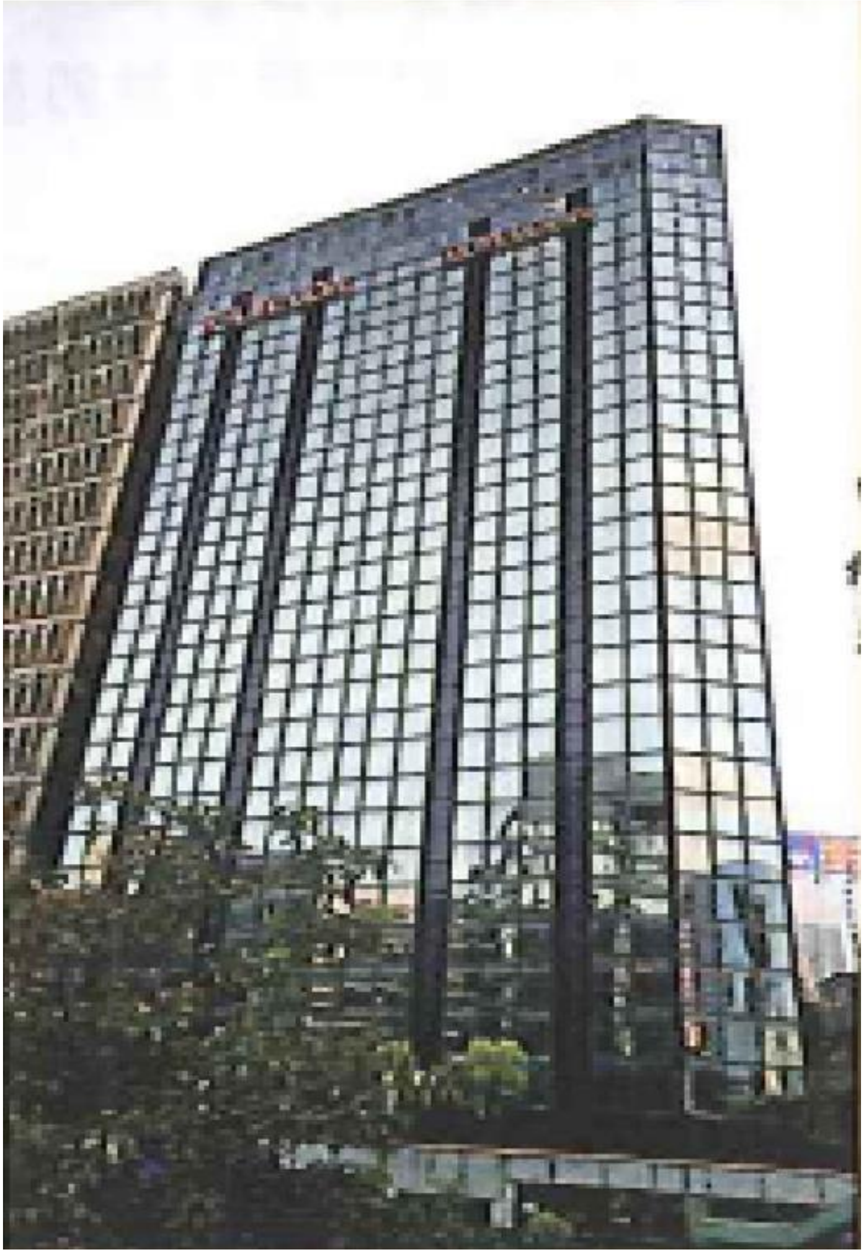
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	100	100	100	100	100	99	100	100	100
Avg Room Rate (HK$)	687	691	712	820	558	599	624	732	660	950	988	956	748

- The **total income** was HK$93,235,000 (2017: HK$84,120,000), increased by **+11%**.
- The **net operating income** was HK$48,385,000 (2017: HK$41,436,000), increased by **+17%**.

Best Western Hotel Causeway Bay

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	100	100	100	100	100	100	100	100	100
Avg Room Rate (HK$)	669	707	738	864	530	556	593	702	610	972	1,022	929	741

- The **total income** was HK$72,108,000 (2017: HK$64,922,000), increased by **+11%**.
- The **net operating income** was HK$36,083,000 (2017: HK$30,678,000), increased by **+18%**.
- The renovation of external wall of the hotel with modern LED signages is undergoing in 2019.



Best Western Plus Hotel Kowloon

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	99	100	100	100	99	100	99	99	100
Avg Room Rate (HK$)	834	843	847	972	650	695	730	873	766	1,085	1,147	1,137	883

- The **total income** was HK$69,846,000 (2017: HK$62,436,000), increased by **+12%**.
- The **net operating income** was HK$32,409,000 (2017: HK$27,679,000), increased by **+17%**.
- The adding of 40 rooms to the Best Western Plus Hotel Kowloon was completed resulting in increasing monthly revenue over 20%.

Grand City Hotel

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	99	99	100	99	99	99	99	100	99	100	99	99	99
Avg Room Rate (HK$)	625	667	655	784	521	551	602	709	606	904	953	911	708

- The **total income** was HK$56,354,000 (2017: HK$49,031,000), increased by **+15%**.
- The **net operating income** was HK$27,791,000 (2017: HK$21,949,000), increased by **+27%**.
- Swimming pool on terrace floor was added in 2018.

Magnificent International Hotel, Shanghai

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	54	63	89	92	83	90	93	98	69	83	81	72	81
Avg Room Rate (HK$)	279	316	346	404	342	322	351	365	327	337	379	271	341

- The **total income** was HK$19,969,000 (2017: HK$22,857,000), decreased by -13%.
- The **net operating income** was HK$5,875,000 (2017: HK$9,443,000), decreased by -38%.

Royal Scot Hotel, London

- The **total rental income** was GBP£3,137,487, equivalent to HK$32,159,000 (2017: GBP£3,137,487, equivalent to HK$31,500,000).
- As at 31st December, 2018, an independent third party valuation was GBP£95,000,000 (Acquisition cost GBP£70,000,000).
- Rental increment of about 11% should commence from June 2019.

633 King's Road

The total rental income during the year was HK$101,516,000.

Shun Ho Tower

The total rental income during the year was HK$24,660,000.

LIQUIDITY

- At 31st December, 2018, the overall debts of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries were HK$1,110 million (2017: HK$1,721 million). The bank loan decreased due to repayment of bank borrowings during the year. The gearing ratio of the Group in terms of overall debts against funds employed were 14% before revaluation of all hotel properties (2017: 23%).

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

  As at 31st December, 2018, the Group's staffing level did not have material change when compared with that of 31st December, 2017. Remuneration and benefit were set with reference to the market.

- **BUSINESS HIGHLIGHT**

  Under the leadership of our Chairman, Mr. William Cheng, our profit from operation of hotel increased by 34%, even though the travelers come to Hong Kong increased by 4.9%.

  Best Western Hotel Harbour View and Grand View Hotel was and will be re-branded to the higher class **RAMADA HONG KONG HARBOUR VIEW** and **RAMADA HONG KONG GRAND VIEW** respectively.

  The completion of renovation of the Best Western Plus Hotel Kowloon by adding of 40 rooms to increase monthly revenue over 20%.

  As at 31st December, 2018, the valuation of the Royal Scot Hotel, London was GBP£95,000,000 against initial purchase cost GBP£70,000,000.

  Under the leadership of our Chairman, Mr. William Cheng, Grand View Hotel during the year obtained the approval for re-development plan and subsequently achieved substantial increase in valuation.

LOOKING AHEAD

- The Group will continue its business of hotel operations and will seek to acquire more hotel incomes by acquisition of hotel properties or serviced apartment hotels. During the year, the management considered that the hotel revenue of Magnificent Hotel increased by 12% and the profit for the hotel operations of Magnificent Hotel increased by 26% were impressive. Future improvement of hotel performances will be difficult because of large increase supply of hotel rooms in Hong Kong, competing room rate and occupancy, skilful labour shortage, most importantly, the large drop of Renminbi exchange rate will make Hong Kong a lesser desirable destination for the PRC visitors which account over 70% of the market.

- The opening of high speed train to the PRC and the new bridge to Macau may facilitate more PRC visitors. The Hong Kong Tourism Board forecast overnight visitors in 2019 will increase by 2% only. The management team lead by our Chairman, Mr. William Cheng, will endeavor to continue to try to increase hotels revenue while controlling operating costs.

- The Group will continue its management and investment of 633 King's Road and Shun Ho Towers, Ice House Street and the income from the investment of Grand View Hotel.

- Overall the short term prospect of the Group's earning will benefit from the modest improvement of hotel industry and commercial rent. The management will endeavor to seek revenue growth from acquisition of income producing properties.

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 year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this announcement as required under the Listing Rules.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the year ended 31st December, 2018, the Company has complied with all the code provisions set out in the Corporate Governance Code of Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited with the exception of the following deviations:

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

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

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

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

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

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

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

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

(b) Compliance with the Model Code

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

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2018.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of total comprehensive income and the related notes thereto for the year ended 31st December, 2018 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

By Order of the Board

William Cheng Kai Man
Chairman

Hong Kong, 8th March, 2019

As at the date hereof, the Board comprises eight Directors, of which four are Executive Directors, namely Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May and Madam Jennie Wong Kwai Fong; one is Non-executive Director, namely Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Lam Kwai Cheung.