SHUN HO PROPERTY INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 219)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31st DECEMBER, 2019

RESULTS

The board of directors (the "Board") of Shun Ho Property Investments Limited (the "Company") announces that profit for the year attributable to owners of the Company for the year ended 31st December, 2019 was HK$17 million (2018: HK$604 million), decreased by 97%. 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, 2019

	NOTES	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*3*		
Contracts with customers		**452,148**	625,881
Leases		**164,862**	160,938
Dividend income		**299**	313
Total revenue		**617,309**	787,132
Cost of sales		**(3,747)**	(4,687)
Other service costs		**(307,535)**	(303,781)
Depreciation of property, plant and equipment		**(102,019)**	(97,782)
Depreciation of right-of-use assets		**(797)**	-
Release of prepaid lease payments for land		**-**	(815)
Gross profit		**203,211**	380,067
(Decrease) increase in fair value of investment properties		**(105,800)**	432,450
Other income and expenses and gains and losses		**36,839**	13,334
Administrative expenses		**(53,264)**	(52,911)
- Depreciation		**(9,306)**	(8,454)
- Others		**(43,958)**	(44,457)
Finance costs	*5*	**(23,204)**	(32,769)
Profit before taxation	*6*	**57,782**	740,171
Income tax expense	*7*	**(33,726)**	(56,791)
Profit for the year		**24,056**	683,380
Profit for the year attributable to:			
Owners of the Company		**17,311**	604,054
Non-controlling interests		**6,745**	79,326
		24,056	683,380
		HK cents	HK cents
Earnings per share	*9*		
Basic		**3.38**	118.1

Consolidated Statement of Total Comprehensive Income
For the year ended 31st December, 2019

	2019 *HK$'000*	2018 *HK$'000*
Profit for the year	**24,056**	683,380
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at fair value through other comprehensive income	**(29,638)**	(30,233)
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**17,379**	(41,941)
Other comprehensive expense for the year	**(12,259)**	(72,174)
Total comprehensive income for the year	**11,797**	611,206
Total comprehensive income attributable to:		
Owners of the Company	**8,597**	552,744
Non-controlling interests	**3,200**	58,462
	11,797	611,206

Consolidated Statement of Financial Position

At 31st December, 2019

	NOTES	**2019**	2018
		HK$'000	*HK$'000*
Non-Current Assets			
Property, plant and equipment		**3,772,036**	3,833,997
Right-of-use assets		**26,481**	-
Prepaid lease payments for land		**-**	27,105
Investment properties		**4,937,300**	5,016,500
Deposit paid for acquisition of an investment property		**429,470**	-
Equity instruments at fair value through other comprehensive income		**113,229**	142,867
		9,278,516	9,020,469
Current Assets			
Inventories		**1,352**	1,459
Prepaid lease payments for land		**-**	815
Trade and other receivables	*10*	**9,613**	31,980
Other deposits and prepayments		**12,734**	12,776
Bank balances and cash		**152,176**	582,651
		175,875	629,681
Current Liabilities			
Trade and other payables and accruals	*11*	**50,935**	36,222
Rental and other deposits received		**10,098**	22,616
Contract liabilities		**2,066**	5,031
Amount due to an intermediate holding company		**5,843**	5,827
Tax liabilities		**39,934**	16,414
Bank loans		**203,153**	272,850
		312,029	358,960
Net Current (Liabilities) Assets		**(136,154)**	270,721
Total Assets less Current Liabilities		**9,142,362**	9,291,190
Capital and Reserves			
Share capital		**1,084,887**	1,084,887
Reserves		**6,020,589**	6,047,446
Equity attributable to owners of the Company		**7,105,476**	7,132,333
Non-controlling interests		**1,138,061**	1,156,104
Total Equity		**8,243,537**	8,288,437
Non-Current Liabilities			
Bank loans		**697,682**	810,674
Rental deposits received		**35,414**	28,557
Deferred tax liabilities		**165,729**	163,522
		898,825	1,002,753
		9,142,362	9,291,190

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 ("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, 2019 and 2018 included in this preliminary announcement of annual results 2019 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, 2018 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, 2019 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 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The application of the new and amendments to HKFRSs in the current year has been applied in accordance with the relevant transition provisions in the respective standards and amendments which result in changes in accounting policies.

3. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
Income from operation of hotels	**452,148**	625,881
Income from property rental	**164,862**	160,938
Dividend income	**299**	313
	617,309	787,132

4. SEGMENT INFORMATION

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" 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 (formerly known as Best Western Hotel Harbour View)
6. Hospitality services - Best Western Grand Hotel
7. Hospitality services - Grand City Hotel
8. Hospitality services - Ramada Hong Kong Grand View (formerly known as Grand View Hotel)
9. Property investment - 633 King's Road
10. Property investment - Shun Ho Tower
11. Property 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,	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hospitality services	**452,148**	625,881	**39,048**	219,344
- Best Western Plus Hotel Kowloon	**54,544**	69,763	**(5,765)**	13,756
- Best Western Plus Hotel Hong Kong	**68,515**	90,715	**20,273**	42,144
- Magnificent International Hotel, Shanghai	**18,079**	19,969	**(1,542)**	3,334
- Best Western Hotel Causeway Bay	**48,350**	72,108	**1,597**	24,725
- Ramada Hong Kong Harbour View (formerly known as Best Western Hotel Harbour View)	**81,114**	113,247	**22,153**	53,433
- Best Western Grand Hotel	**77,150**	117,884	**(1,071)**	38,959
- Grand City Hotel	**38,867**	56,354	**3,831**	21,996
- Ramada Hong Kong Grand View (formerly known as Grand View Hotel)	**65,529**	85,841	**(428)**	20,997
Property investments	**164,862**	160,938	**58,064**	592,860
- 633 King's Road	**105,219**	101,516	**54,456**	371,221
- Shun Ho Tower	**23,690**	24,660	**(4,345)**	89,127
- Shops and Hotel	**35,953**	34,762	**7,953**	132,512
Securities investment	**299**	313	**299**	313
	617,309	787,132	**97,411**	812,517
Other income and expenses and gains and losses			**36,839**	13,334
Central administration costs and directors' emoluments			**(53,264)**	(52,911)
Finance costs			**(23,204)**	(32,769)
Profit before taxation			**57,782**	740,171

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:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**565,384**	735,004
The PRC	**18,079**	19,969
The UK	**33,846**	32,159
	617,309	787,132

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on bank loans	**23,204**	32,769

6. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**3,889**	3,682
Staff costs including directors' emoluments	**223,054**	217,096
Depreciation of property, plant and equipment	**111,325**	106,236
Cost of inventories recognised as an expense	**10,629**	12,264
Operating lease rental in respect of rented equipment	**-**	1,531
Gross rental income from investment properties	**(164,862)**	(160,938)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**998**	528
	(163,864)	(160,410)

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Income tax expense comprises:		
Current tax		
Hong Kong	**25,789**	46,089
The PRC	**252**	733
The UK	**5,582**	5,262
	31,623	52,084
Overprovision in prior years		
Hong Kong	**-**	(95)
The UK	**(104)**	(62)
	31,519	51,927
Deferred tax	**2,207**	4,864
	33,726	56,791

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDEND

Dividends recognised as distribution during the year:

	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the year ended 31st December, 2018 of HK4.98 cents (2018: Final dividend in respect of the year ended 31st December, 2017 of HK4.74 cents) per share was paid to shareholders	**25,478**	24,250
Interim dividend in respect of the six months ended 30th June, 2019 of HK1.95 cents (2018: Interim dividend in respect of the six months ended 30th June, 2018 of HK1.95 cents) per share payable to shareholders	**9,976**	9,976
	35,454	34,226

The above calculation of distribution has been excluded 68,140,000 shares held by a subsidiary of the Group.

No final dividend was proposed by the directors for ordinary shareholders of the Company since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$17,311,000 (2018: HK$604,054,000) and on weighted average number of ordinary shares of 511,613,000 shares (2018: 511,613,000 shares) 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.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**4,246**	21,757
Lease receivables	**1,182**	2,847
Other receivables	**4,185**	7,376
	9,613	31,980

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:

	2019	2018
	HK$'000	*HK$'000*
Not yet due	**5,378**	23,385
Overdue:		
0-30 days	**41**	1,057
31-60 days	**9**	119
61-90 days	**-**	43
	5,428	24,604

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**2,697**	4,072
Other payables and accruals	**48,238**	32,150
	50,935	36,222

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:

	2019	2018
	HK$'000	*HK$'000*
0-30 days	**2,601**	3,979
31-60 days	**54**	72
61-90 days	**42**	21
	2,697	4,072

DIVIDEND

In deciding whether to distribute the final dividend and amount, the Board has reviewed the Company adopted dividend policy, the Board consider the current adverse political and COVID-19 crisis may last a long time and may result in prolong significant operating losses of the Group's hotel businesses and inevitable fast drop of rental incomes that strain on the cash flow of the Group, the Board does not recommend the payment of a final dividend for the year ended 31st December, 2019 (2018: HK4.98 cents per share). With reference to the announcement of 2019 interim results of the Company dated 19th August, 2019, shareholders are reminded that an interim dividend of HK1.95 cents per share for the six months ended 30th June, 2019 is payable on 26th June, 2020 to shareholders whose names appear on the register of members of the Company on 12th June, 2020.

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the Annual General Meeting to be held on Friday, 22nd May, 2020 ("AGM"), the register of members will be closed from Tuesday, 19th May, 2020 to Friday, 22nd May, 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 18th May, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group continued with its commercial properties investment and property leasing, and through its major subsidiaries continued with the hotel investments and hotel management.

Profit for the year attributable to owners of the Company for the year ended 31st December, 2019 was HK$17 million (2018: HK$604 million), decreased by 97%. It was mainly due to the decrease in hotel profit and reduction of property valuation.

	2018 *HK$'000*	**2019** ***HK$'000***	Change
Revaluation adjustment of investment properties	432,450	**(105,800)**	N/A
Profit from operation of hotels	199,456	**31,217**	-84%
- Profit	298,053	**134,033**	-55%
- Depreciation	(98,597)	**(102,816)**	+4%
Commercial properties rental net income	147,529	**148,491**	+1%
Income from securities investments	313	**299**	-4%
Other income and expenses and gains and losses	13,334	**36,839**	+176%
	793,082	**111,046**	-86%
Administrative expenses	(52,911)	**(53,264)**	+1%
Income tax expense	(56,791)	**(33,726)**	-41%
Profit after taxation	683,380	**24,056**	-96%
Non-controlling interests	(79,326)	**(6,745)**	-91%
Profit after taxation and non-controlling interests	604,054	**17,311**	-97%

PERFORMANCE

The income from hotel operations of the Group amounted to HK$452 million (2018: HK$626 million), decreased by 28%.

Hotel Business (Magnificent Hotel)

The Group owns 71.09% of Magnificent Hotel Investments Limited ("Magnificent Hotel") as its hotel investment subsidiary. The Group and Magnificent Hotel Group presently owns 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) Best Western Grand Hotel, (6) Best Western Hotel Causeway Bay, (7) Grand City Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 2,821 guest rooms and the Group is one of the largest hotel groups in Hong Kong.

Profit for the year attributable to owners of Magnificent Hotel for the year ended 31st December, 2019 was HK$32 million (2018: HK$260 million), decreased by 88%.

	2018 *HK$'000*	**Jan-Jun 2019** ***HK$'000***	**Jul-Dec 2019** ***HK$'000***	**2019** ***HK$'000***	Change
Revaluation adjustment of investment properties	97,750	**-**	**(28,000)**	**(28,000)**	N/A
Profit from operation of hotels	194,187	**63,261**	**(22,193)**	**41,068**	-79%
- Profit	265,502	**101,208**	**15,522**	**116,730**	
- Depreciation	(71,315)	**(37,947)**	**(37,715)**	**(75,662)**	
Properties rental income	30,424	**14,566**	**17,032**	**31,598**	+4%
Income from securities investments	4,871	**3,557**	**1,464**	**5,021**	+3%
Other income and expenses and gains and losses	10,096	**8,804**	**28,046**	**36,850**	+265%
	337,328	**90,188**	**(3,651)**	**86,537**	-74%
Administrative expenses	(39,516)	**(18,698)**	**(21,706)**	**(40,404)**	+2%
Income tax expense	(37,463)	**(13,891)**	**(411)**	**(14,302)**	-62%
Profit after taxation	260,349	**57,599**	**(25,768)**	**31,831**	-88%

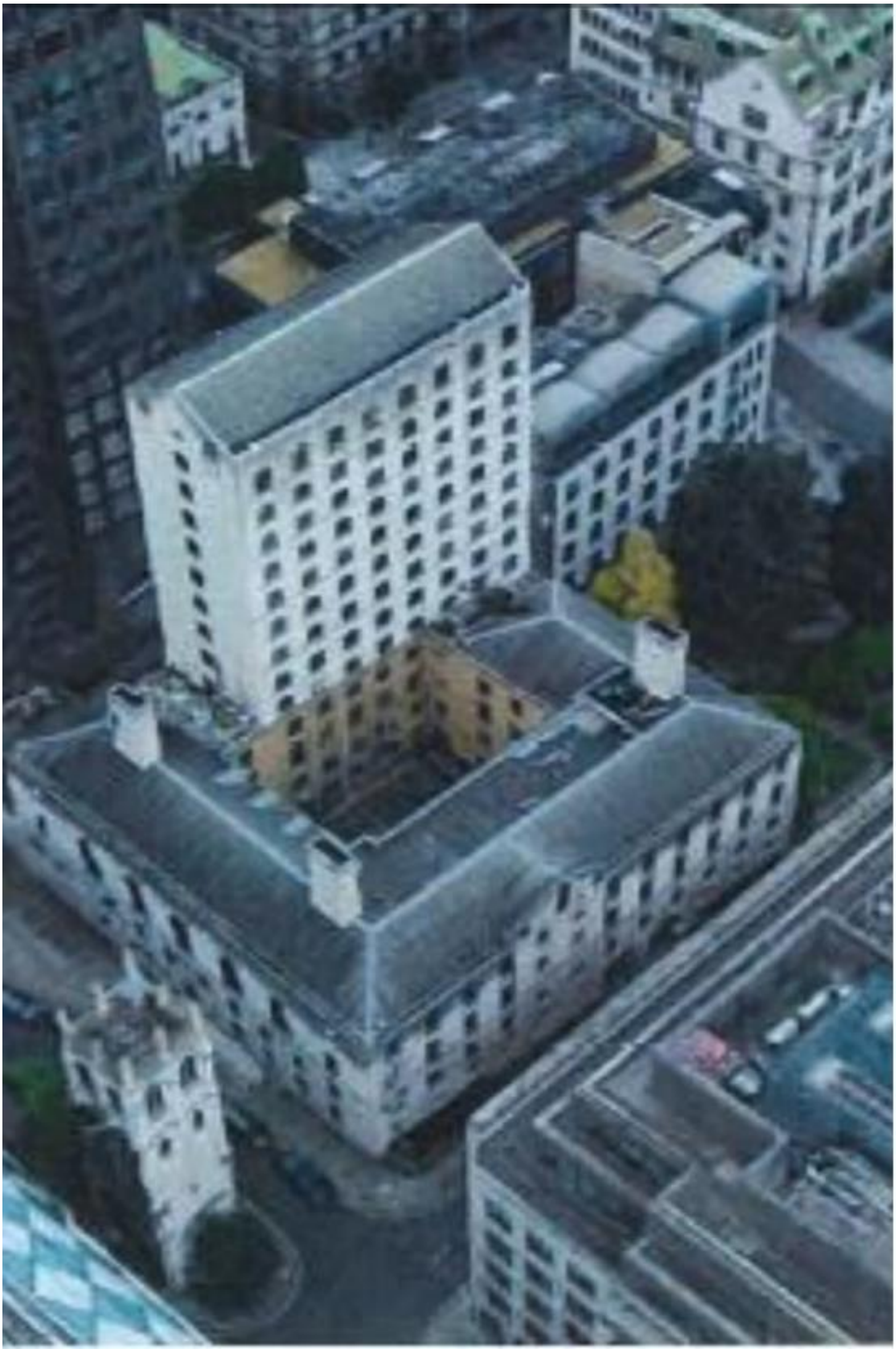
The overall profit for the year decreased by approximately HK$228 million was mainly due to the decrease in the hotel profit from the second half of the year and revaluation loss.

- For the year ended 31st December, 2019, **Magnificent Hotel GROUP'S INCOME** was mostly derived from the aggregate of income from operation of hotels and hotel properties rental income, which was analysed as follows:

Income

	2018 *HK$'000*	**Jan-Jun 2019** ***HK$'000***	**Jul-Dec 2019** ***HK$'000***	**2019** ***HK$'000***	Change	Reasoning
Income from operation of hotels	540,040	**248,370**	**138,249**	**386,619**	-28%	Decrease in room rates
Hotel properties rental income	34,762	**16,739**	**19,214**	**35,953**	+3%	Increase in rental income from UK hotel property
Dividend income	4,871	**3,557**	**1,464**	**5,021**	+3%	Increase in dividend received from stock investment
Other income	10,136	**8,804**	**3,730**	**12,534**	+24%	Gain from the disposal of the apartment property at Tai Hang and others
Exchange gain	-	**-**	**24,316**	**24,316**	N/A	**Currency exchange gain from purchase of sterling on 9th September, 2019 and exchange gain realised upon the deposit paid for the acquisition of Wood Street Hotel on 17th December, 2019**
Total	589,809	**277,470**	**186,973**	**464,443**	-21%	

The total income for the Magnificent Hotel Group decreased by 21% from HK$590 million to HK$464 million compared with last year.



Wood Street Police Headquarter, 37 Wood Street London EC2 UK

Wood Street Police Headquarter, 37 Wood Street London EC2 UK

During the year, Best Western Hotel Harbour View and Grand View Hotel were re-branded to the higher class **RAMADA HONG KONG HARBOUR VIEW** and **RAMADA HONG KONG GRAND VIEW** respectively.

As at 31st December, 2019, the valuation of the Royal Scot Hotel, London was GBP 95,000,000 against initial purchase cost GBP 70,000,000. From 22nd June, 2019, the annual rental income of Royal Scot Hotel increased from GBP 3,137,000 to GBP 3,546,000, increased by 13%.

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 Best Western Grand Hotel amounted to HK$165 million (2018: HK$161 million).

The commercial properties rental income was analysed as follows:

	2018 *HK$'000*	**2019** ***HK$'000***		Change
Royal Scot Hotel	32,159	**33,846**		+5%
633 King's Road	101,516	**105,219**		+4%
Shun Ho Tower	24,660	**23,690**	(Note)	-4%
Shops	2,603	**2,107**		-19%
Total	**160,938**	**164,862**		**+2%**

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

- The commercial building at 633 King's Road and Shun Ho Tower were almost fully occupied. The fluctuation of office building rental was due to the renewal of leases last year. The decrease in shop rental was due to providing one month free rental period and rental deduction to a tenant in order to maintain long term good relationship.

During the year, the administrative expenses excluding depreciation was HK$44 million (2018: HK$44 million), representing cost for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

Ramada Hong Kong Grand View

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg/ yr
Avg Room Occupancy (%)	100	100	100	100	100	100	100	**99**	**99**	**99**	**100**	**99**	100
Avg Room Rate (HK$)	665	715	669	744	544	520	529	**378**	**330**	**413**	**360**	**327**	515

- The Group owns 100% of Ramada Hong Kong Grand View, North Point. Ramada Hong Kong Grand View for the year was 100% (2018: 100%) occupancy.
- The **total income** was HK$65,529,000 (2018: HK$85,841,000), decreased by 24%.
- The **net operating profit** was HK$21,705,000 (2018: HK$41,946,000), decreased by 48%.
- The hotel was re-branded to the 4 star brand of **RAMADA HONG KONG GRAND VIEW** from 3rd May, 2019.

633 King's Road

The total rental income during the year was HK$105,219,000.

Shun Ho Tower

The total rental income during the year was HK$23,690,000.

MAGNIFICNET HOTEL INVESTMENTS LIMITED

Best Western Plus Hotel Kowloon

Ramada Hong Kong Harbour View

Best Western Plus Hotel Hong Kong

Best Western Grand Hotel

Best Western Hotel Causeway Bay

Grand City Hotel

Royal Scot Hotel London

Magnificent International Hotel Shanghai

- The hotels revenue of Magnificent Hotel Group decreased by 28%.
- The profit from hotels operations decreased by 79%.
- The average occupancy of Magnificent Hotel Group's Hong Kong hotels was 98%.
- The average room rate of Magnificent Hotel Group's Hong Kong hotels was HK$526.

LIQUIDITY

- At 31st December, 2019, the overall debts of the Group including Magnificent Hotel and its subsidiaries was HK$907 million (2018: HK$1,089 million). The bank loan decreased due to repayment of bank borrowings during the year. The gearing ratio of the Group (including Magnificent Hotel and its subsidiaries) in terms of overall debts against funds employed was 11% (2018: 13%).

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

  As at 31st December, 2019, the Group's staffing number was 698 (2018: 753) decreased by 7.3%. Remuneration and benefit were set with reference to the market.

- **BUSINESS HIGHLIGHT**

  Best Western Hotel Harbour View and Grand View Hotel were re-branded to a higher class **RAMADA HONG KONG HARBOUR VIEW** and **RAMADA HONG KONG GRAND VIEW** in 2018 and 2019 respectively.

  The completion of renovation of the Best Western Plus Hotel Kowloon by adding of 40 rooms.

  As at 31st December, 2019, the valuation of Royal Scot Hotel, London was GBP95,000,000 against initial purchase cost GBP70,000,000.

  The Group acquired Wood Street Police Headquarter, 37 Wood Street London EC2 UK (the "Property") for a consideration of GBP40,000,000 (equivalent to approximately HK$404,540,000) on 29th January, 2020. The total gross internal area of the Property is 117,472 sq. ft. (10,913.3 sq. m.). The Property is 0.18 hectare (approximately 20,000 sq. ft.) island site. The Property is purchased on a new long lease of 151 years commencing from the Completion at a peppercorn rent.

  The Property is located in the core of the City of London, approximately 350 metres north west of the Bank of England. The Property occupies a prominent corner position at the junction of Wood Street and Love Lane. The Property is located within 6 minutes walk of Liverpool Street Station and Moorgate Crossrail Station.

  The Property is the Grade II* listed building. It comprises two primary forms, a four storey building built around a large courtyard, with a 12 storey tower to the north east corner of the site. Constructed between 1963-66 by McMorran and Whitby. It is a striking example of neo-classical architecture. The Property was purpose built for the City of London Police Headquarter.

  Given the vibrant economic importance of center district, the City of London, UK and the development prospect of the Property, the Boards believes that the acquisition provides an excellent investment opportunity for the Magnificent Hotel group (a member of the Group and Shun Ho Holdings Limited group) to expand and diversify into property investments in the City of London, one of the world's biggest commercial and tourist center. The Boards are also of the view that the acquisition will allow the Group to strategically increase its investment in London, UK.

The purchase price of GBP40,000,000 (equivalent to approximately HK$404,540,000), represents a good opportunity for the Group to acquire a sizeable property in the Central London location at a relative low price at GBP341 (equivalent to approximately HK$3,500) per sq. ft. gross based on 117,472 sq. ft. total gross internal area. The acquisition also allows the Groups to enter into the London commercial and tourism center and to benefit from considerable refurbishment potential and its future incomes.

Planning consent approval will be applied for any change of use from existing sui generis use to office, retail use or hotel use. The excellent location of the Property being in the center of the City of London is ideal for conversion to a grade A office, and retail and food/beverages mix uses. However, the management consider even more excellent plan to renovate this high profile well located heritage building to become a deluxe heritage hotel of about 200 guest rooms with restaurant, bar, ballroom and spa with gross internal area about 117,472 sq. ft. The management is proud of having this opportunity to renovate this deluxe and heritage building in the center of the City of London.

LOOKING AHEAD

Hong Kong has been suffering from social disorders and coronavirus in the last several months which has stopped the International/the PRC tourism visiting. Such unforeseeable circumstances have adversely affected the local economy, hospitality, retail and hotel market of Hong Kong which most establishments are either closed or operating on low occupancy with significant losses.

It is the management's view that the local social disorders are not easily resolvable and are likely to continue for sometimes that seriously affect the PRC and international visitors.

The coronavirus may also take more months to die out for recovery of international travel and leisure tourism.

The combination of lengthy damaged economy of Hong Kong, the PRC and global, continuous coronavirus, continuous social disorders and trade wars, the management envisage the hotel operations will be lost making for sometimes. The management will continue to try to maintain high hotel occupancies to compensate hotel operating costs.

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

Most of the tenants at the Group's King Road office building and Shun Ho Tower are multinational trading companies and because of the US/China trade war, retail closures due to the street violence and the nearly collapsed economies, those trading companies tenants are experiencing difficulties. Thus, it is expected the vacancies of the buildings are going to increase fast and quickly.

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, 2019, 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, 2019.

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, 2019 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, 30th March, 2020

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 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.