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SHUN HO HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 253)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

RESULTS

The board of directors (the “Board”) of Shun Ho Holdings Limited (the “Company”) announces that the profit for the year attributable to owners of the Company for the year ended 31st December, 2021 was HK\$30 million (loss for 2020: HK\$96 million), increased by HK\$126 million. 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, 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Revenue	3		
Contracts with customers		346,416	217,608
Leases		167,993	170,250
Dividend income		-	53
Total revenue		514,409	387,911
Cost of sales		(45,209)	(868)
Other service costs		(194,079)	(163,936)
Depreciation of property, plant and equipment		(101,823)	(102,071)
Depreciation of right-of-use asset		(880)	(853)
Gross profit		172,418	120,183
Net decrease in fair value of investment properties		(5,200)	(286,510)
Other income and expenses and gains and losses		760	12,668
Administrative expenses		(49,797)	(51,356)
- Depreciation		(4,288)	(6,913)
- Others		(45,509)	(44,443)
Finance costs	5	(9,774)	(17,802)
Profit (loss) before taxation	6	108,407	(222,817)
Income tax expense	7	(28,770)	(15,403)
Profit (loss) for the year		79,637	(238,220)
Profit (loss) for the year attributable to:			
Owners of the Company		30,413	(96,007)
Non-controlling interests		49,224	(142,213)
		79,637	(238,220)
		HK cents	HK cents
Earnings (loss) per share	8		
Basic		12.58	(39.71)

Consolidated Statement of Total Comprehensive Income
For the year ended 31st December, 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year	<u>79,637</u>	<u>(238,220)</u>
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	(280)	(2,086)
Revaluation surplus regarding transfer from property, plant and equipment at cost to investment properties at fair value	-	910
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>(3,767)</u>	<u>47,346</u>
Other comprehensive (expense) income for the year	<u>(4,047)</u>	<u>46,170</u>
Total comprehensive income (expense) for the year	<u>75,590</u>	<u>(192,050)</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	28,622	(78,141)
Non-controlling interests	<u>46,968</u>	<u>(113,909)</u>
	<u>75,590</u>	<u>(192,050)</u>

Consolidated Statement of Financial Position

At 31st December, 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Non-Current Assets			
Property, plant and equipment		3,944,647	3,608,818
Right-of-use asset		27,657	27,629
Investment properties		4,787,605	5,224,310
Deposits paid for acquisition of investment properties		5,500	-
Equity instruments at fair value through other comprehensive income		<u>1,308</u>	<u>1,588</u>
		<u>8,766,717</u>	<u>8,862,345</u>
Current Assets			
Inventories		1,316	1,208
Trade and other receivables	9	11,961	13,125
Other deposits and prepayments		12,431	17,329
Financial assets at fair value through profit or loss		12,450	-
Bank balances and cash		<u>262,453</u>	<u>178,469</u>
		<u>300,611</u>	<u>210,131</u>
Current Liabilities			
Trade and other payables and accruals	10	40,841	35,985
Rental and other deposits received		18,183	11,982
Contract liabilities		34,681	22,922
Amount due to ultimate holding company		40,070	53,709
Amount due to a shareholder		5,088	-
Tax liabilities		5,120	14,209
Bank loans		<u>738,408</u>	<u>170,948</u>
		<u>882,391</u>	<u>309,755</u>
Net Current Liabilities		<u>(581,780)</u>	<u>(99,624)</u>
Total Assets less Current Liabilities		<u>8,184,937</u>	<u>8,762,721</u>
Capital and Reserves			
Share capital		172,252	172,252
Reserves		<u>3,864,005</u>	<u>3,714,464</u>
Equity attributable to owners of the Company		4,036,257	3,886,716
Non-controlling interests		<u>3,965,408</u>	<u>4,043,050</u>
Total Equity		<u>8,001,665</u>	<u>7,929,766</u>
Non-Current Liabilities			
Bank loans		-	645,237
Rental deposits received		21,146	30,158
Deferred tax liabilities		<u>162,126</u>	<u>157,560</u>
		<u>183,272</u>	<u>832,955</u>
		<u>8,184,937</u>	<u>8,762,721</u>

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 and services.

The financial information relating to the years ended 31st December, 2021 and 2020 included in this preliminary announcement of annual results 2021 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, 2020 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, 2021 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 AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the amendments to HKFRS issued by HKICPA for the first time:

Amendment to HKFRS16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Income from operation of hotels	346,416	217,608
Income from property rental	167,993	170,250
Dividend income	<u>-</u>	<u>53</u>
	<u>514,409</u>	<u>387,911</u>

4. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating and reportable segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the Chairman of the Company, for the purposes of allocating resources to segments and assessing their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group’s operating and reportable segments under HKFRS 8 are therefore 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 - Grand City Hotel
8. Hospitality services - Ramada Hong Kong Grand View
9. Hospitality services - Wood Street 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 segments for both years:

	<u>Segment revenue</u>		<u>Segment results</u>	
	Year ended		Year ended	
	31st December,		31st December,	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	346,416	217,608	5,561	(48,835)
- Best Western Plus Hotel Kowloon	20,566	24,526	(20,291)	(16,041)
- Best Western Plus Hotel Hong Kong	55,226	35,544	13,178	5,278
- Magnificent International Hotel, Shanghai	18,627	8,272	3,301	(2,327)
- Best Western Hotel Causeway Bay	39,260	23,220	(2,032)	(8,662)
- Ramada Hong Kong Harbour View	64,295	36,385	16,811	4,327
- Ramada Hong Kong Grand	54,221	36,068	(11,588)	(16,605)
- Grand City Hotel	31,887	19,844	2,148	(2,004)
- Ramada Hong Kong Grand View	62,334	33,749	4,034	(12,801)
Property investments	167,993	170,250	161,657	(117,545)
- 633 King's Road	107,082	111,046	96,334	70,064
- Shun Ho Tower	18,595	19,706	(39,293)	(46,797)
- Shops, hotel and residential properties	42,316	39,498	104,616	(140,812)
Securities investment	-	53	-	53
	<u>514,409</u>	<u>387,911</u>	167,218	(166,327)
Other income and expenses and gains and losses			760	12,668
Administration expenses			(49,797)	(51,356)
Finance costs			<u>(9,774)</u>	<u>(17,802)</u>
Profit (loss) before taxation			<u>108,407</u>	<u>(222,817)</u>

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:

	2021	2020
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	454,696	342,276
The PRC	18,627	8,272
The UK	<u>41,086</u>	<u>37,363</u>
	<u>514,409</u>	<u>387,911</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests on :		
Bank loans	7,775	15,831
Amount due to ultimate holding company	<u>1,999</u>	<u>1,971</u>
	<u>9,774</u>	<u>17,802</u>

6. PROFIT (LOSS) BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) before taxation has been arrived at after charging :		
Auditor's remuneration	2,438	4,185
Staff costs including directors' emoluments	145,545	115,481
Depreciation of property, plant and equipment	106,111	108,984
Depreciation of right-of-use asset	880	853
Direct operating expenses incurred for investment properties that generated rental income during the year	<u>1,135</u>	<u>1,285</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The taxation expense comprises:		
Current tax		
Hong Kong	16,832	17,623
PRC Enterprise Income Tax	-	-
The UK	<u>7,245</u>	<u>6,501</u>
	24,077	24,124
(Over)underprovision in prior years		
Hong Kong	(144)	(433)
PRC Enterprise Income Tax	-	(257)
The UK	<u>271</u>	<u>138</u>
	24,204	23,572
Deferred tax	<u>4,566</u>	<u>(8,169)</u>
	<u>28,770</u>	<u>15,403</u>

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. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the profit for the year attributable to owners of the Company of HK\$30,413,000 (loss for 2020: HK\$96,007,000) and on 241,766,000 shares (2020: 241,766,000 shares) in issue during the year. The number of shares adopted in the calculation of the earnings (loss) per share has been arrived at after eliminating the shares in the Company held by a subsidiary of the Company.

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

9. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from contracts with customers	4,660	3,257
Lease receivables	3,073	3,590
Other receivables	<u>4,228</u>	<u>6,278</u>
	<u><u>11,961</u></u>	<u><u>13,125</u></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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Not yet due	7,722	6,807
Overdue:		
0-30 days	-	24
31-60 days	-	1
61-90 days	<u>11</u>	<u>15</u>
	<u><u>7,733</u></u>	<u><u>6,847</u></u>

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	5,351	2,945
Other payables and accruals	<u>35,490</u>	<u>33,040</u>
	<u><u>40,841</u></u>	<u><u>35,985</u></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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	5,320	2,505
31-60 days	4	439
61-90 days	<u>27</u>	<u>1</u>
	<u><u>5,351</u></u>	<u><u>2,945</u></u>

DIVIDEND

In deciding whether to distribute the final dividend and its amount, the Board has reviewed the Company's adopted dividend policy, the Board considers the current COVID-19 crisis may continue to affect international travels and office rental prospects and therefore future hotel income base and rental income base and cashflow may continue to be unstable, the Board does not recommend the payment of final dividend for the year ended 31st December, 2021 (2020: Nil).

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the annual general meeting to be held on Friday, 20th May, 2022 ("AGM"), the register of members will be closed from Friday, 13th May, 2022 to Friday, 20th May, 2022, both days 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 Thursday, 12th May, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Profit for the year attributable to owners of the Company for the year ended 31st December, 2021 was HK\$30 million (loss for the year ended 31st December, 2020: HK\$96 million), increased by HK\$126 million.

PERFORMANCE

1. Hotel Business

The income from hotel operations of the Group amounted to HK\$346 million (2020: HK\$218 million), increased by 59%.

The Group owns 66.11% of Shun Ho Property Investments Limited (“Shun Ho Property”, together with its subsidiaries, “Shun Ho Property Group”) which holds 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 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, 2021 was HK\$66 million (loss for the year ended 31st December, 2020: HK\$202 million), increased by HK\$268 million.

	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Change
(Loss) profit from operation of hotels	(34,521)	5,853	N/A
(Loss) profit from property investment	(145,388)	99,043	N/A
Income from securities investments	53	-	-100%
Other income and gains and losses	<u>11,662</u>	<u>2,892</u>	-75%
	(168,194)	107,788	N/A
Administrative expenses	(35,731)	(33,920)	-5%
Income tax credit (expense)	<u>2,215</u>	<u>(8,269)</u>	N/A
(Loss) profit after taxation	(201,710)	65,599	N/A
Non-controlling interests	<u>-</u>	<u>(77)</u>	N/A
(Loss) profit after taxation and non-controlling interests	<u>(201,710)</u>	<u>65,522</u>	N/A

The overall increase in profit for the year ended 31st December, 2021 was mainly due to increase in hotel revenue and revaluation gain.

For the year ended 31st December, 2021, the **GROUP'S INCOME** of **Magnificent Hotel** was mostly derived from the aggregate of income from operation of hotels and investment properties, which was analysed as follows:

Income

	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Change	Reason
Income from operation of hotels	183,859	284,082	+54%	Increase in room rates and occupancies and increase in food and beverage income
Income from investment properties	39,498	42,316	+7%	Royal Scot Hotel, London, Wood Street Hotel project and apartment leasing
Dividend income	53	-	-100%	No dividend received from stock investment
Other income	<u>11,662</u>	<u>2,892</u>	-75%	
Total	<u><u>235,072</u></u>	<u><u>329,290</u></u>	+40%	

Since 5 out of 6 local hotels of the Magnificent Hotel Group have taken up the role of designated quarantine hotels under the government's regulation since January 2021, the total income for the Magnificent Hotel Group increased by 54% from HK\$184 million to HK\$284 million compared with last year.

As at 31st December, 2021, an independent third party valuation of Royal Scot Hotel, London was GBP88,500,000 (2020: GBP83,000,000). The valuation gain amounted to GBP5,500,000. Future prospect of rental increase is encouraging because annual rent increase is linked with the United Kingdom Retail Price Index, which currently hits 30-years high at 5.5% in January 2022 and is expected to further increase. The rental income of Royal Scot Hotel, London for the year was GBP3,546,000, equivalent to HK\$37,408,000 (2020: GBP3,547,000, equivalent to HK\$36,889,000).

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\$168 million (2020: HK\$170 million).

During the year, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$46 million (2020: HK\$44 million), representing costs for corporate management office including directors' fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

LIQUIDITY

- As at 31st December, 2021, the **OVERALL DEBTS** of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries were HK\$784 million (2020: HK\$870 million). The decrease in overall debts was due to the repayment of bank borrowings during the year. The gearing ratio of the Group in terms of overall debts against funds employed was 10% (2020: 11%).

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 31st December, 2021, the Group had a total number of 486 employees (2020: 566 employees). Remuneration and benefit were set with reference to the market.

BUSINESS HIGHLIGHT

During the year, the tourism market in Hong Kong was most devastated by the COVID-19. The number of Overseas/PRC visitors was just 91,000, which has dropped by 97.4% and most hotels and retail stores suffer from an over 90% drop in turnover.

The Royal Scot Hotel, London has enjoyed a valuation gain of GBP5,500,000. Future prospect of rental increase is encouraging because annual rent increase is linked with the United Kingdom Retail Price Index, which currently hits 30-years high at 5.5% in January 2022 and is expected to further increase.

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 with planning consents approved to refurbish a deluxe hotel of about 216 guest rooms, restaurants, bar and facilities. The management is making further application to increase number of guest rooms while making preparations for the commencement of refurbishment works. The management is pleased to have this opportunity to renovate this landmark heritage building in the centre of City of London.

LOOKING AHEAD

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

Hong Kong has been suffering from US-Sino trade war and COVID-19 which have stopped international/PRC tourism visiting. Such unforeseeable circumstances have adversely affected the local economy, hospitality, retail and hotel market of Hong Kong with most establishments either closed or operating on low occupancies with significant losses.

It is the management's view that in the remaining 2022, due to the continuous COVID-19 effect, it is quite unlikely that significant overseas/PRC visitors will return to Hong Kong. Hotels in Hong Kong and retail stores will continue to suffer from low occupancies and high operating costs. The management will continue to try to control hotel operating costs.

6 of the Group's hotels in Hong Kong and Shanghai are operating as quarantine hotels under short term contracts with Government.

Most of the tenants at the Group's 633 King's Road office building and Shun Ho Tower are multinational trading companies and because of the US/China trade war and retail closures that weakened economy and consumption index, those trading companies tenants are experiencing difficulties. Thus, it is expected the vacancies of the buildings may increase quickly.

Future prospects of the hotel business and rental incomes continue to be most challenging and unstable. Management will continue its effort to increase incomes and control costs.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2021.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the year ended 31st December, 2021, the Company has complied with all the code provisions of the Corporate Governance Code that were in force as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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 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.

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

Except three Independent Non-executive Directors, all Directors of the Company (including Executive or Non-executive Directors) are not appointed for a specific 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)

For the period from 1st January, 2021 to 18th March, 2021, the terms of reference of the nomination committee adopted by the Company were in compliance with Code Provision A.5.2 except that it was 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. Therefore, such duty was performed by the Board. However, the terms of reference of the nomination committee have been revised to fully comply with Code Provision A.5.2 since 19th March, 2021.

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

For the period from 1st January, 2021 to 18th March, 2021, the terms of reference of the remuneration committee adopted by the Company were in compliance with Code Provision B.1.2 except that it was 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. Therefore, such duties were performed by the Board. However, the terms of reference of the remuneration committee have been revised to fully comply with Code Provision B.1.2 since 19th March, 2021.

(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 10 to 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 year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2021.

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, 2021 as set out in this 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 this preliminary announcement.

By Order of the Board

William Cheng Kai Man
Chairman

Hong Kong, 18th March, 2022

As at the date hereof, the Board of the Company comprises five Executive Directors, namely Mr. William Cheng Kai Man (Chairman), Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May, Madam Ng Yuet Ying and Madam Wendy Cheng Wai Kwan; 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.