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MAGNIFICENT HOTEL INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

2024 INTERIM RESULTS

RESULTS

The board (the “Board”) of directors (the “Directors”) of Magnificent Hotel Investments Limited (the “Company”) announces that the net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the six months ended 30th June, 2024 was HK\$42 million (six months ended 30th June, 2023: HK\$18 million), increased by HK\$24 million. The unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the period, together with comparative figures for the previous period, are as follows:

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2024

		Six months ended	
	<i>NOTES</i>	30.6.2024	30.6.2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		224,959	159,513
Leases		19,010	18,395
Dividend income		-	45
Total revenue		243,969	177,953
Cost of sales		(1,641)	(446)
Other services costs		(154,585)	(93,994)
Depreciation of property, plant and equipment		(67,640)	(34,528)
Depreciation of right-of-use asset		(381)	(394)
Gross Profit		19,722	48,591
Decrease in fair value of investment properties		(5,000)	-
Other income and gains and losses		2,182	3,618
Administrative expenses		(23,159)	(51,110)
- Depreciation		(901)	(898)
- Others		(22,258)	(50,212)
Finance costs	5	(23,228)	(19,446)
Loss before taxation		(29,483)	(18,347)
Income tax (expense) credit	6	(3,063)	486
Loss for the period	7	(32,546)	(17,861)

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

		Six months ended	
	<i>NOTE</i>	30.6.2024	30.6.2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(32,360)	(17,920)
Non-controlling interests		<u>(186)</u>	<u>59</u>
		<u>(32,546)</u>	<u>(17,861)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
Basic		<u>(0.36)</u>	<u>(0.20)</u>

Condensed Consolidated Statement of Total Comprehensive Income*For the six months ended 30th June, 2024*

	Six months ended	
	30.6.2024	30.6.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period	<u>(32,546)</u>	<u>(17,861)</u>
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	(908)	9,313
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>(13,773)</u>	<u>53,257</u>
Other comprehensive (expense) income for the period	<u>(14,681)</u>	<u>62,570</u>
Total comprehensive (expense) income for the period	<u><u>(47,227)</u></u>	<u><u>44,709</u></u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(47,041)	44,650
Non-controlling interests	<u>(186)</u>	<u>59</u>
	<u><u>(47,227)</u></u>	<u><u>44,709</u></u>

Condensed Consolidated Statement of Financial Position

At 30th June, 2024

	NOTES	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment		3,700,092	3,764,137
Right-of-use asset		21,880	23,131
Investment properties		1,048,495	1,061,460
Equity instruments at FVTOCI		<u>99,831</u>	<u>100,739</u>
		<u>4,870,298</u>	<u>4,949,467</u>
Current Assets			
Inventories		1,200	1,418
Trade and other receivables	10	7,509	18,460
Other deposits and prepayments		9,662	7,782
Bank balances and cash		<u>149,742</u>	<u>309,245</u>
		<u>168,113</u>	<u>336,905</u>
Current Liabilities			
Trade and other payables and accruals	11	32,783	41,111
Rental and other deposits received		2,049	2,389
Refund liabilities		-	1,754
Contract liabilities		7,442	6,786
Amount due to immediate holding company		331,078	540,022
Amount due to a shareholder		5,088	5,088
Tax liabilities		36,168	34,306
Bank loans		<u>118,000</u>	<u>98,248</u>
		<u>532,608</u>	<u>729,704</u>
Net Current Liabilities		<u>(364,495)</u>	<u>(392,799)</u>
Total Assets less Current Liabilities		<u>4,505,803</u>	<u>4,556,668</u>
Capital and Reserves			
Share capital		841,926	841,926
Reserves		<u>3,323,782</u>	<u>3,370,823</u>
Equity attributable to owners of the Company		4,165,708	4,212,749
Non-controlling interests		<u>7,077</u>	<u>7,263</u>
Total Equity		<u>4,172,785</u>	<u>4,220,012</u>
Non-Current Liabilities			
Bank loans		230,068	232,050
Rental deposits received		1,006	1,006
Deferred tax liabilities		<u>101,944</u>	<u>103,600</u>
		<u>333,018</u>	<u>336,656</u>
		<u>4,505,803</u>	<u>4,556,668</u>

NOTES:

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31st December, 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2023 to the Register of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30th June, 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31st December, 2023.

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2024 for the preparation of the Group's condensed consolidated financial statements:

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

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

3. REVENUE

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

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income from operation of hotels	224,959	159,513
Income from property rental	19,010	18,395
Dividend income	-	45
	<u>243,969</u>	<u>177,953</u>

4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on the information reported to the chief operating decision maker (the "CODM"), being the Chairman of the Company, for the purpose of resources allocation and performance assessment are as follows:

1. Hospitality services - Best Western Plus Hotel Kowloon
2. Hospitality services - Best Western Plus Hotel Hong Kong
3. Hospitality services - Magnificent International Hotel, Shanghai
4. Hospitality services - Best Western Hotel Causeway Bay
5. Hospitality services - Ramada Hong Kong Harbour View
6. Hospitality services - Ramada Hong Kong Grand
7. Hospitality services - Wood Street Hotel
8. Hospitality services - Grand Bay View Hotel
9. Property investment - Shops, hotel and residential properties
10. Securities investment

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment for the periods under review:

	<u>Segment revenue</u>		<u>Segment results</u>	
	<u>Six months ended</u>		<u>Six months ended</u>	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hospitality services	224,959	159,513	712	30,151
- Best Western Plus Hotel Kowloon	24,396	25,521	(1,758)	4,377
- Best Western Plus Hotel Hong Kong	40,851	35,300	11,990	13,181
- Magnificent International Hotel, Shanghai	10,523	-	1,555	(7,427)
- Best Western Hotel Causeway Bay	24,514	21,995	(850)	1,877
- Ramada Hong Kong Harbour View	40,936	40,268	11,373	16,421
- Ramada Hong Kong Grand	41,658	36,429	2,637	1,722
- Grand Bay View Hotel	42,081	-	(24,235)	-
Property investment	19,010	18,395	14,010	18,395
Securities investment	-	45	-	45
	<u>243,969</u>	<u>177,953</u>	14,722	48,591
Other income and gains and losses			2,182	3,618
Administrative expenses			(23,159)	(51,110)
Finance costs			<u>(23,228)</u>	<u>(19,446)</u>
Loss before taxation			<u>(29,483)</u>	<u>(18,347)</u>

5. FINANCE COSTS

	<u>Six months ended</u>	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on:		
Bank loans	10,764	6,242
Amount due to immediate holding company	<u>12,464</u>	<u>13,204</u>
	<u>23,228</u>	<u>19,446</u>

6. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The taxation expense (credit) comprises:		
Current tax:		
Hong Kong	2,260	4,669
The People's Republic of China (the "PRC")	-	13
The United Kingdom (the "UK")	<u>2,459</u>	<u>2,722</u>
	4,719	7,404
Deferred tax	<u>(1,656)</u>	<u>(7,890)</u>
	<u><u>3,063</u></u>	<u>(486)</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The annual tax rate used is 16.5% for the six months ended 30th June, 2024 (six months ended 30th June, 2023: 16.5%)

Taxation arising in the PRC and the UK are recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions.

7. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:		
Depreciation of right-of-use asset	381	394
Depreciation of property, plant and equipment	68,541	35,426
Interest on bank deposits (Note)	(2,718)	(3,152)
Loss (gain) on disposal of property, plant and equipment (Note)	<u>741</u>	<u>(7)</u>

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

8. DIVIDEND

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

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

9. LOSS PER SHARE

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

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

10. TRADE AND OTHER RECEIVABLES

	As at 30.6.2024 HK\$'000 (unaudited)	As at 31.12.2023 HK\$'000 (audited)
Trade receivables from contracts with customers	5,254	15,569
Other receivables	<u>2,255</u>	<u>2,891</u>
	<u>7,509</u>	<u>18,460</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 presented based on the invoice date at the end of the reporting period:

	As at 30.6.2024 HK\$'000 (unaudited)	As at 31.12.2023 HK\$'000 (audited)
Not yet due	5,000	14,947
Overdue:		
0 – 30 days	56	137
31 – 60 days	43	25
61 – 90 days	<u>155</u>	<u>460</u>
	<u>5,254</u>	<u>15,569</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
Trade payables	4,030	3,875
Other payables and accruals	<u>28,753</u>	<u>37,236</u>
	<u>32,783</u>	<u>41,111</u>

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

	As at 30.6.2024 <i>HK\$'000</i> (unaudited)	As at 31.12.2023 <i>HK\$'000</i> (audited)
0 – 30 days	4,017	3,864
31 – 60 days	5	9
61 – 90 days	<u>8</u>	<u>2</u>
	<u>4,030</u>	<u>3,875</u>

INTERIM DIVIDEND

In deciding whether to distribute the interim dividend and its amount, the Board has reviewed the Company's adopted dividend policy and considered that preserving capital would secure the Group with more cashflow under the current challenging economy and unstable hotel market condition with high operating costs and interest costs, which may continue to affect the short- and mid-term business risks of the Group. Therefore, the Board does not recommend the payment of interim dividend for the six months ended 30th June, 2024 (six months ended 30th June, 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the six months ended 30th June, 2024 was HK\$42 million (six months ended 30th June, 2023: HK\$18 million), increased by HK\$24 million (+132%).

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

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

PERFORMANCE

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

Income

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

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

HOTELS PERFORMANCES

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

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

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

COST

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

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

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

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$22.3 million (six months ended 30th June, 2023: HK\$50.2 million). The decrease was mainly due to no more pre-operating expenses, repair and refurbishment cost of Grand Bay View Hotel and Magnificent International Hotel, Shanghai recorded for the period.

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

DEPRECIATION OF HOTEL PROPERTIES

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

FUNDING

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

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

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

The overall debts were analysed as follows:

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

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

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

As at 30th June, 2024, the Group had a total number of 550 employees (31st December, 2023: 536 employees). Remuneration and benefit were set with reference to the market.

BUSINESS HIGHLIGHTS

A total of approximately 11 million overnight tourists visited Hong Kong during the six months ended 30th June, 2024, of which about 7 million were from the PRC. Compared with 2019 and before the pandemic, 15 million overnight visitors arrived Hong Kong in the same period. The pace of recovery of the tourism industry is affected by various challenges such as air transport capacity, the global/PRC economy and foreign currency exchange rates. Operating costs go up significantly due to shortage of local labours and increase in number of hotel staffs.

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

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

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

The Group acquired Wood Street Police Headquarter building in the centre of City of London for GBP40 million on 29th January, 2020 which has a gross internal area of 117,472 s.f. on a 20,000 s.f. island site and obtained planning consents approval to refurbish a deluxe hotel of about 216 guest rooms, restaurant, bar and facilities.

LOOKING AHEAD

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2024.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the six months ended 30th June, 2024, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited with the exception of the following deviation:

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

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

(b) Compliance with the Model Code

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

REVIEW BY THE AUDIT COMMITTEE

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

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 16th August, 2024

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