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MAGNIFICENT HOTEL INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2025

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, 2025 was HK\$59.3 million (six months ended 30th June, 2024: HK\$41.6 million), increased by HK\$17.7 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:

	Six months ended		
	30.6.2025	30.6.2024	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	Change
Loss after taxation and non-controlling interests	(15,198)	(32,360)	
Add: Revaluation loss	5,000	5,000	
Add: Properties depreciation and release of prepaid lease payments for land	<u>69,493</u>	<u>68,922</u>	
Net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment	59,295	41,562	+43%

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend in respect of the six months ended 30th June, 2025 (six months ended 30th June, 2024: Nil).

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2025

	NOTES	Six months ended	
		30.6.2025 HK\$'000 (Unaudited)	30.6.2024 HK\$'000 (Unaudited)
Revenue	3		
Contracts with customers		231,238	224,959
Leases		25,380	19,010
Dividend income		<u>25</u>	<u>-</u>
Total revenue		256,643	243,969
Cost of sales		(2,105)	(1,641)
Other services costs		(151,896)	(154,585)
Depreciation of property, plant and equipment		(68,222)	(67,640)
Depreciation of right-of-use asset		<u>(384)</u>	<u>(381)</u>
Gross Profit		34,036	19,722
Decrease in fair value of investment properties		(5,000)	(5,000)
Other income and gains and losses		1,615	2,182
Administrative expenses		(22,205)	(23,159)
- Depreciation		(887)	(901)
- Others		(21,318)	(22,258)
Finance costs	5	<u>(17,177)</u>	<u>(23,228)</u>
Loss before taxation		(8,731)	(29,483)
Income tax expense	6	<u>(6,654)</u>	<u>(3,063)</u>
Loss for the period	7	<u>(15,385)</u>	<u>(32,546)</u>
Loss for the period attributable to:			
Owners of the Company		(15,198)	(32,360)
Non-controlling interests		<u>(187)</u>	<u>(186)</u>
		<u>(15,385)</u>	<u>(32,546)</u>
		HK cents	HK cents
Loss per share	9		
Basic		<u>(0.17)</u>	<u>(0.36)</u>

Condensed Consolidated Statement of Total Comprehensive Income*For the six months ended 30th June, 2025*

	Six months ended	
	30.6.2025 HK\$'000 (Unaudited)	30.6.2024 HK\$'000 (Unaudited)
Loss for the period	<u>(15,385)</u>	<u>(32,546)</u>
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(12,292)	(908)
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>121,222</u>	<u>(13,773)</u>
Other comprehensive income (expense) for the period	<u>108,930</u>	<u>(14,681)</u>
Total comprehensive income (expense) for the period	<u>93,545</u>	<u>(47,227)</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	93,732	(47,041)
Non-controlling interests	<u>(187)</u>	<u>(186)</u>
	<u>93,545</u>	<u>(47,227)</u>

Condensed Consolidated Statement of Financial Position

At 30th June, 2025

	NOTES	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Non-Current Assets			
Property, plant and equipment		3,613,123	3,633,234
Right-of-use asset		21,215	21,454
Investment properties		1,117,145	1,030,990
Equity instruments at FVTOCI		<u>79,912</u>	<u>92,204</u>
		<u>4,831,395</u>	<u>4,777,882</u>
Current Assets			
Inventories		1,122	1,166
Trade and other receivables	10	9,072	11,137
Other deposits and prepayments		9,639	9,004
Bank balances and cash		<u>174,354</u>	<u>203,139</u>
		<u>194,187</u>	<u>224,446</u>
Current Liabilities			
Trade and other payables and accruals	11	39,685	47,416
Rental and other deposits received		1,571	1,785
Contract liabilities		7,636	8,037
Amount due to immediate holding company		329,541	347,390
Amount due to a shareholder		5,088	7,487
Tax liabilities		8,245	4,587
Bank loans		<u>301,298</u>	<u>345,152</u>
		<u>693,064</u>	<u>761,854</u>
Net Current Liabilities		<u>(498,877)</u>	<u>(537,408)</u>
Total Assets less Current Liabilities		<u>4,332,518</u>	<u>4,240,474</u>
Capital and Reserves			
Share capital		841,926	841,926
Reserves		<u>3,382,132</u>	<u>3,288,400</u>
Equity attributable to owners of the Company		4,224,058	4,130,326
Non-controlling interests		<u>6,449</u>	<u>6,636</u>
Total Equity		<u>4,230,507</u>	<u>4,136,962</u>
Non-Current Liabilities			
Rental deposits received		1,126	1,006
Deferred tax liabilities		<u>100,885</u>	<u>102,506</u>
		<u>102,011</u>	<u>103,512</u>
		<u>4,332,518</u>	<u>4,240,474</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, 2024 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, 2024 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 condensed consolidated financial statements for the six months ended 30th June, 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31st December, 2024.

The application of all the amendments to HKFRS Accounting Standards issued by the HKICPA are disclosed below.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from operation of hotels	231,238	224,959
Income from property rental	25,380	19,010
Dividend income	<u>25</u>	<u>-</u>
	<u>256,643</u>	<u>243,969</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 both periods:

	<u>Segment revenue</u>		<u>Segment results</u>	
	<u>Six months ended</u>		<u>Six months ended</u>	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hospitality services	231,238	224,959	8,631	712
- Best Western Plus Hotel Kowloon	26,944	24,396	(99)	(1,758)
- Best Western Plus Hotel Hong Kong	40,828	40,851	13,093	11,990
- Magnificent International Hotel, Shanghai	12,359	10,523	2,882	1,555
- Best Western Hotel Causeway Bay	24,526	24,514	(542)	(850)
- Ramada Hong Kong Harbour View	41,567	40,936	12,242	11,373
- Ramada Hong Kong Grand	40,515	41,658	1,181	2,637
- Grand Bay View Hotel	44,499	42,081	(20,126)	(24,235)
Property investment	25,380	19,010	20,380	14,010
Securities investment	25	-	25	-
	<u>256,643</u>	<u>243,969</u>	29,036	14,722
Other income and gains and losses			1,615	2,182
Administrative expenses			(22,205)	(23,159)
Finance costs			<u>(17,177)</u>	<u>(23,228)</u>
Loss before taxation			<u>(8,731)</u>	<u>(29,483)</u>

5. FINANCE COSTS

	<u>Six months ended</u>	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans	8,195	10,764
Amount due to immediate holding company	<u>8,982</u>	<u>12,464</u>
	<u>17,177</u>	<u>23,228</u>

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The taxation expense comprises:		
Current tax:		
Hong Kong	3,933	2,260
The United Kingdom (the "UK")	<u>4,231</u>	<u>2,459</u>
	8,164	4,719
Underprovision in prior years:		
Hong Kong	<u>111</u>	-
	8,275	4,719
Deferred tax	<u>(1,621)</u>	<u>(1,656)</u>
	<u><u>6,654</u></u>	<u><u>3,063</u></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, 2025 (six months ended 30th June, 2024: 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	
	30.6.2025	30.6.2024
	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	384	381
Depreciation of property, plant and equipment	69,109	68,541
Interest income from bank deposits (Note)	(1,230)	(2,718)
Loss on disposal of property, plant and equipment (Note)	<u>12</u>	<u>741</u>

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

8. DIVIDEND

During the six months ended 30th June, 2025 and 30th June, 2024, no dividend was declared and paid to shareholders for the year ended 31st December, 2024 and 31st December, 2023.

The directors have resolved not to declare or propose an interim dividend for the six months ended 30th June, 2025 and 30th June, 2024.

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\$15,198,000 (six months ended 30th June, 2024: HK\$32,360,000) and on 8,947,051,000 shares (six months ended 30th June, 2024: 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 30.6.2025 HK\$'000 (Unaudited)	As at 31.12.2024 HK\$'000 (Audited)
Trade receivables from contracts with customers	5,951	8,361
Other receivables	<u>3,121</u>	<u>2,776</u>
	<u>9,072</u>	<u>11,137</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 30.6.2025 HK\$'000 (Unaudited)	As at 31.12.2024 HK\$'000 (Audited)
Not yet due	5,728	8,162
Overdue:		
0 – 30 days	49	104
31 – 60 days	174	94
61 – 90 days	<u>-</u>	<u>1</u>
	<u>5,951</u>	<u>8,361</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30.6.2025 <i>HK\$'000</i> (Unaudited)	As at 31.12.2024 <i>HK\$'000</i> (Audited)
Trade payables	4,324	5,031
Other payables and accruals	<u>35,361</u>	<u>42,385</u>
	<u>39,685</u>	<u>47,416</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 30.6.2025 <i>HK\$'000</i> (Unaudited)	As at 31.12.2024 <i>HK\$'000</i> (Audited)
0 – 30 days	4,317	5,024
31 – 60 days	6	6
61 – 90 days	<u>1</u>	<u>1</u>
	<u>4,324</u>	<u>5,031</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 does not recommend the payment of interim dividend for the six months ended 30th June, 2025 (six months ended 30th June, 2024: Nil) for the following reasons:

- i) secure more cashflow under the current challenging economy and unstable hotel market condition with high operating costs and interest costs;
- ii) retain cash to further reduce bank debt and shareholder loan; and
- iii) retain cash for renovation of Wood Street Hotel in London.

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, 2025 was HK\$59.3 million (six months ended 30th June, 2024: HK\$41.6 million), increased by HK\$17.7 million (+43%).

	Six months ended		
	30.6.2025	30.6.2024	Change
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	
Profit from operation of hotels	8,631	712	+1,112%
- Profit	77,237	68,733	
- Depreciation	(68,606)	(68,021)	
Profit from property investment	20,380	14,010	+45%
Income from securities investments	25	-	N/A
Other income and gain and losses	1,615	2,182	-26%
	30,651	16,904	+81%
Administrative expenses	(22,205)	(23,159)	-4%
Finance costs	(17,177)	(23,228)	-26%
Income tax expense	(6,654)	(3,063)	+117%
Loss after taxation	(15,385)	(32,546)	-53%
Non-controlling interests	187	186	+1%
Loss after taxation and non-controlling interests	(15,198)	(32,360)	-53%
Add: Revaluation loss	5,000	5,000	-
Add: Properties depreciation and release of prepaid lease payments for land	69,493	68,922	+1%
Net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment	59,295	41,562	+43%

The overall increase in profit for the six months ended 30th June, 2025 was mainly due to increase in revenue by 5% and decrease in hotel operating costs and finance costs.

PERFORMANCE

For the six months ended 30th June, 2025, the **GROUP'S INCOME** was mostly derived from the aggregate income from operation of hotels and investment properties, which was analysed as follows:

Income

	Six months ended			
	30.6.2025	30.6.2024	Change	Reason
	HK\$'000	HK\$'000		
	(unaudited)	(unaudited)		
Income from operation of hotels	231,238	224,959	+3%	Increase in room rates
Income from investment properties	25,380	19,010	+34%	Increase in rental income received from Royal Scot Hotel, London
Other income	<u>1,640</u>	<u>2,182</u>	-25%	N/A
Total	<u>258,258</u>	<u>246,151</u>	+5%	

During the period, the total income for the Group increased by 5% from approximately HK\$246 million to approximately HK\$258 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 3% to HK\$231 million (six months ended 30th June, 2024: HK\$225 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
2025 Jan to Jun Average room occupancy (%)	98	99	97	99	98	98	88

As at 30th June, 2025, an independent third-party valuation of Royal Scot Hotel, London was GBP88,500,000 (as at 31st December, 2024: GBP88,500,000). The rental income of Royal Scot Hotel, London for the period was GBP2,362,000 (six months ended 30th June, 2024: GBP1,768,000). The management succeeded in increasing the annual rental by 34% from GBP3,546,000 to GBP4,737,000.

COST

The **HOTELS' SERVICE COST** for the period was HK\$151.9 million (six months ended 30th June, 2024: HK\$154.6 million), representing hotel operating cost.

Name of Hotel	Six months ended		Change
	30.6.2025 <i>HK\$ million</i>	30.6.2024 <i>HK\$ million</i>	
Ramada Hong Kong Harbour View	26.0	26.3	-1%
Ramada Hong Kong Grand	24.2	24.1	+1%
Best Western Plus Hotel Kowloon	18.2	17.9	+2%
Best Western Plus Hotel Hong Kong	25.7	26.8	-4%
Best Western Hotel Causeway Bay	19.3	19.5	-1%
Grand Bay View Hotel	30.5	32.5	-6%
Magnificent International Hotel, Shanghai	<u>8.0</u>	<u>7.5</u>	+7%
Total amount for the period	151.9	154.6	-2%

Cost of sale of HK\$2.1 million (six months ended 30th June, 2024: HK\$1.6 million) was from cost of food and beverage.

During the period, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$21 million (six months ended 30th June, 2024: HK\$22.3 million).

The accounting standards require hotel properties of the Group to provide **DEPRECIATION** which amounted to HK\$68.2 million (six months ended 30th June, 2024: HK\$68.0 million) for the period.

DEPRECIATION OF HOTEL PROPERTIES

Name of Hotel	Six months ended		Change
	30.6.2025 <i>HK\$ million</i>	30.6.2024 <i>HK\$ million</i>	
Ramada Hong Kong Harbour View	3.0	3.0	-
Ramada Hong Kong Grand	14.8	14.8	-
Best Western Plus Hotel Kowloon	8.7	8.1	+0.6
Best Western Plus Hotel Hong Kong	1.9	2.0	-0.1
Best Western Hotel Causeway Bay	5.7	5.8	-0.1
Grand Bay View Hotel	33.1	33.0	+0.1
Magnificent International Hotel, Shanghai	<u>1.0</u>	<u>1.3</u>	-0.3
Total amount for the period	68.2	68.0	+0.2

FUNDING

As at 30th June, 2025, the **OVERALL DEBTS** of the Group was HK\$636 million (31st December, 2024: HK\$700 million) (reduced by HK\$64 million), of which HK\$301 million (31st December, 2024: HK\$345 million) was assets secured bank borrowings and HK\$335 million was advances from shareholders (mainly Shun Ho Property Investments Limited) (31st December, 2024: HK\$355 million).

As at 30th June, 2025, the gearing ratio was 15% (31st December, 2024: 17%) in terms of overall debts of HK\$636 million (31st December, 2024: HK\$700 million) (HK\$335 million shareholder's loan and HK\$301 million bank loan) against funds employed of HK\$4,231 million before revaluation of all hotel properties (31st December, 2024: HK\$4,137 million).

The overall debts were analysed as follows:

	As at 31st December, 2024 <i>HK\$ million</i>	As at 30th June, 2025 <i>HK\$ million</i>	Change <i>HK\$ million</i>	Interest Paid As at 30th June, 2025 <i>HK\$ million</i>
Bank loans	345	301	-44	8.2
Shareholder's loan	355	335	-20	9.0
Overall debts	700	636	-64	17.2

FINANCE COST: Of these loans, the total interest expenses amounted to HK\$17.2 million (six months ended 30th June, 2024: HK\$23.2 million), the bank loans interest expenses amounted to HK\$8.2 million (six months ended 30th June, 2024: HK\$10.8 million) and the shareholders' loan interest expenses amounted to HK\$9 million (six months ended 30th June, 2024: HK\$12.4 million). The decrease in finance cost was due to decrease 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, 2025, the Group had a total number of 569 employees (31st December, 2024: 568 employees). Remuneration and benefit were set with reference to the market.

BUSINESS HIGHLIGHTS

During the six months ended 30th June, 2025, the number of overnight visitors in Hong Kong amounted to around 11.3 million (30th June, 2024: 10.6 million) and against 15 million in the same period in 2019 pre-pandemic year, among which 75% were mainland visitors and 25% were non-mainland visitors. Per-capita spending of mainland visitors remained low at HK\$5,100 as compared to HK\$6,000 in 2019 pre-pandemic year. The pace of recovery of the tourism industry continues to be affected by the more expensive HKD vs RMB and declining per-capita spending of mainland visitors.

Throughout the period, the Group achieved an average hotel occupancy rate of over 90%. Compared with last period, the hotel income of the Group increased by 3% to HK\$231 million and the total income of the Group increased by 5% to HK\$258 million.

The management succeeded in increasing the annual rental of Royal Scot Hotel, London by 34% from GBP3,546,000 to GBP4,737,000.

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, more PRC tourists choose to stay in the Greater Bay area and visit Hong Kong on day trips. However, the future prospects of further Multiple-entry Endorsement of other major PRC cities such as Beijing and Shanghai would be most encouraging.

Future prospects of the hotel business and rental incomes may continue to be challenging. The management will keep 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, 2025.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the six months ended 30th June, 2025, the Company has complied with all applicable 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, 2025.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 22nd August, 2025

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.