

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MAGNIFICENT HOTEL INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

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, depreciation and impairment of land, property and equipment and gain on disposal of a subsidiary for the year ended 31st December, 2023 was HK\$41 million (2022: HK\$179 million), decreased by HK\$138 million. The 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, 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	3		
Contracts with customers		414,420	403,159
Leases		37,346	36,281
Dividend income		<u>45</u>	<u>42</u>
Total revenue		451,811	439,482
Cost of sales		(1,532)	(25,701)
Other services costs		(242,822)	(166,960)
Depreciation of property, plant and equipment		(94,590)	(73,153)
Depreciation of right-of-use assets		<u>(785)</u>	<u>(800)</u>
Gross Profit		112,082	172,868
Net decrease in fair value of investment properties		(5,000)	(5,000)
Gain on disposal of a subsidiary		-	521,857
Other income and gains and losses		36,597	(12,341)
Administrative expenses		(70,945)	(37,977)
- Depreciation		(1,798)	(1,858)
- Others		<u>(69,147)</u>	<u>(36,119)</u>
Finance costs	5	<u>(43,780)</u>	<u>(23,098)</u>
Profit before taxation	6	28,954	616,309
Income tax expense	7	<u>(62,005)</u>	<u>(24,146)</u>
(Loss) profit for the year		<u><u>(33,051)</u></u>	<u><u>592,163</u></u>

Consolidated Statement of Profit or Loss (Continued)
For the year ended 31st December, 2023

	<i>NOTE</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit for the year attributable to:			
Owners of the Company		(32,911)	592,799
Non-controlling interests		<u>(140)</u>	<u>(636)</u>
		<u>(33,051)</u>	<u>592,163</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share	9		
Basic		<u>(0.37)</u>	<u>6.63</u>

Consolidated Statement of Total Comprehensive Income
For the year ended 31st December, 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit for the year	<u>(33,051)</u>	<u>592,163</u>
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss		
Fair value loss on equity instruments at fair value through other comprehensive income	(43,664)	(1,829)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>63,963</u>	<u>(144,809)</u>
Other comprehensive income (expense) for the year	<u>20,299</u>	<u>(146,638)</u>
Total comprehensive (expense) income for the year	<u>(12,752)</u>	<u>445,525</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(12,612)	446,161
Non-controlling interests	<u>(140)</u>	<u>(636)</u>
	<u>(12,752)</u>	<u>445,525</u>

Consolidated Statement of Financial Position

At 31st December, 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		3,764,137	3,782,568
Right-of-use asset		23,131	24,374
Investment properties		1,061,460	1,020,440
Equity instruments at fair value through other comprehensive income		<u>100,739</u>	<u>144,403</u>
		<u>4,949,467</u>	<u>4,971,785</u>
Current Assets			
Inventories		1,418	1,133
Trade and other receivables	<i>10</i>	18,460	16,059
Other deposits and prepayments		7,782	10,623
Bank balances and cash		<u>309,245</u>	<u>265,908</u>
		<u>336,905</u>	<u>293,723</u>
Current Liabilities			
Trade and other payables and accruals	<i>11</i>	41,111	51,915
Rental and other deposits received		2,389	2,840
Refund liabilities		1,754	14,932
Contract liabilities		6,786	5,744
Amount due to immediate holding company		540,022	609,974
Amount due to a shareholder		5,088	5,088
Tax liabilities		34,306	16,497
Bank loans		<u>98,248</u>	<u>22,000</u>
		<u>729,704</u>	<u>728,990</u>
Net Current Liabilities		<u>(392,799)</u>	<u>(435,267)</u>
Total Assets less Current Liabilities		<u>4,556,668</u>	<u>4,536,518</u>
Capital and Reserves			
Share capital		841,926	841,926
Reserves		<u>3,370,823</u>	<u>3,383,435</u>
Equity attributable to owners of the Company		4,212,749	4,225,361
Non-controlling interests		<u>7,263</u>	<u>7,403</u>
Total Equity		<u>4,220,012</u>	<u>4,232,764</u>
Non-Current Liabilities			
Bank loans		232,050	219,715
Rental deposits received		1,006	-
Deferred tax liabilities		<u>103,600</u>	<u>84,039</u>
		<u>336,656</u>	<u>303,754</u>
		<u>4,556,668</u>	<u>4,536,518</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 (the “HKICPA”) and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the years ended 31st December, 2023 and 2022 included in this preliminary announcement of annual results 2023 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, 2022 to the Register 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, 2023 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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1st January, 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

The application of the new and 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Income from operation of hotels	414,420	403,159
Income from property rental	37,346	36,281
Dividend income	<u>45</u>	<u>42</u>
	<u><u>451,811</u></u>	<u><u>439,482</u></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 - Wood Street Hotel
9. Hospitality services - Grand Bay View Hotel
10. Property investment - Shops, hotel and residential properties
11. 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 31st December,		Year ended 31st December,	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	414,420	403,159	74,691	136,545
- Best Western Plus Hotel Kowloon	57,624	29,922	10,181	(7,355)
- Best Western Plus Hotel Hong Kong	83,829	57,220	31,148	14,765
- Magnificent International Hotel, Shanghai	5,394	19,177	(3,129)	4,183
- Best Western Hotel Causeway Bay	53,182	64,135	8,265	23,295
- Ramada Hong Kong Harbour View	92,391	109,027	38,712	61,950
- Ramada Hong Kong Grand	86,770	101,664	13,170	34,098
- Grand City Hotel	-	22,014	-	5,609
- Grand Bay View Hotel	35,230	-	(23,656)	-
Property investment	37,346	36,281	32,346	31,281
Securities investment	45	42	45	42
	<u>451,811</u>	<u>439,482</u>	<u>107,082</u>	<u>167,868</u>
Gain on disposal of a subsidiary			-	521,857
Other income and gains and losses			36,597	(12,341)
Administrative expenses			(70,945)	(37,977)
Finance costs			(43,780)	(23,098)
Profit before taxation			<u>28,954</u>	<u>616,309</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:

	2023	2022
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	411,853	385,840
The PRC	5,394	19,177
The UK	34,564	34,465
	<u>451,811</u>	<u>439,482</u>

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on:		
Bank loans	14,462	8,226
Amount due to immediate holding company	<u>29,318</u>	<u>14,872</u>
	<u><u>43,780</u></u>	<u><u>23,098</u></u>

6. PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,830	1,386
Staff costs including directors' emoluments	145,761	115,655
Depreciation of property, plant and equipment	96,388	75,011
Depreciation of right-of-use asset	<u>785</u>	<u>800</u>

7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The taxation expense comprises:		
Current tax:		
Hong Kong	38,081	14,419
PRC Enterprises Income Tax	14	598
The UK	<u>5,191</u>	<u>5,477</u>
	43,286	20,494
Overprovision in prior years		
Hong Kong	(337)	(60)
The UK	<u>(505)</u>	<u>(93)</u>
	42,444	20,341
Deferred tax	<u>19,561</u>	<u>3,805</u>
	<u><u>62,005</u></u>	<u><u>24,146</u></u>

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

8. DIVIDEND

No dividend was paid or proposed by the directors for ordinary shareholders of the Company during 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of HK\$32,911,000 (profit for 2022: HK\$592,799,000) and on 8,947,051,000 shares (2022: 8,947,051,000 shares) in issue during the year.

Diluted (loss) 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables from contracts with customers	15,569	10,730
Other receivables	<u>2,891</u>	<u>5,329</u>
	<u>18,460</u>	<u>16,059</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not yet due	14,947	8,122
Overdue:		
0 – 30 days	137	1,194
31 – 60 days	25	1,057
61 – 90 days	<u>460</u>	<u>357</u>
	<u>15,569</u>	<u>10,730</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	3,875	2,487
Other payables and accruals	<u>37,236</u>	<u>49,428</u>
	<u>41,111</u>	<u>51,915</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	3,864	2,414
31 – 60 days	9	72
61 – 90 days	<u>2</u>	<u>1</u>
	<u>3,875</u>	<u>2,487</u>

DIVIDEND

In deciding whether to distribute the final dividend and its amount, the Board has reviewed the Company's adopted dividend policy and does not recommend the payment of final dividend for the year ended 31st December, 2023 (2022: Nil) for the following reasons during the year:

- i) significant reduction of hotel operating profit under slow recovery of tourism industry;
- ii) higher interest expenses;
- iii) repair and maintenance of Grand Bay View Hotel; and
- iv) cost of repair and maintenance of each of our quarantine hotels to become hotels of satisfactory standard.

BOOK CLOSURE

To ascertain shareholders' eligibility to attend and vote at the annual general meeting to be held on Friday, 24th May, 2024 ("AGM"), the register of members will be closed from Tuesday, 21st May, 2024 to Friday, 24th May, 2024, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30p.m. on Monday, 20th May, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, 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, depreciation and impairment of land, property and equipment and gain on disposal of a subsidiary for the year ended 31st December, 2023 was HK\$41 million (2022: HK\$179 million), decreased by HK\$138 million.

	2023 <i>HK\$ '000</i>	2022 <i>HK\$ '000</i>	Change
Net profit from operation of hotels	74,691	136,545	-45%
- Profit	170,066	210,498	
- Depreciation	(95,375)	(73,953)	
Net profit from property investment	32,346	31,281	+3%
- Profit	37,346	36,281	
- Revaluation loss	(5,000)	(5,000)	
Income from securities investments	45	42	+7%
Other income and gain and losses	36,597	(12,341)	N/A
	143,679	155,527	-8%
Gain on disposal of a subsidiary	-	521,857	N/A
Administrative expenses	(70,945)	(37,977)	+87%
Finance costs	(43,780)	(23,098)	+90%
Income tax expense	(62,005)	(24,146)	+157%
(Loss) profit after taxation	(33,051)	592,163	N/A
Non-controlling interests	140	636	-78%
(Loss) profit after taxation and non-controlling interests	(32,911)	592,799	N/A
Add: Revaluation loss	5,000	5,000	-
Add: Properties depreciation and impairment and release of prepaid lease payments for land	69,258	102,811	-33%
Less: Gain on disposal of a subsidiary	-	(521,857)	N/A
Net profit after tax attributable to owners of the Company before revaluation and depreciation and impairment and release of prepaid lease payments for land and gain on disposal of a subsidiary	41,347	178,753	-77%

The overall decrease in profit for the year ended 31st December, 2023 was mainly due to increase in hotel operating costs, pre-operating expenses, repair and maintenance cost, finance costs and income tax expenses.

PERFORMANCE

For the year ended 31st December, 2023, 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	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	Change	Reason
Income from operation of hotels	414,420	403,159	+3%	Increase in room rates and occupancy
Income from investment properties	37,346	36,281	+3%	Rental income received in Pounds appreciated against Hong Kong dollars
Dividend income	<u>45</u>	<u>42</u>	+7%	Dividend received from stock investment
Total	<u>451,811</u>	<u>439,482</u>	+3%	

During the year, the total income for the Group increased by 3% from approximately HK\$439 million to approximately HK\$452 million compared with last year.

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\$414 million (2022: HK\$403 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	Magnificent International Hotel, Shanghai	Grand Bay View Hotel
2023 Average room occupancy (%)	93	91	95	90	91	72	84

As at 31st December, 2023, an independent third-party valuation of Royal Scot Hotel, London was GBP88,500,000 (2022: GBP88,500,000). Future prospect of rental increase of the Royal Scot Hotel is encouraging because annual rent increase (once every 5 years) is linked with the United Kingdom Retail Price Index, which is maintained at 40-year high during year 2022 to 2023 inflating consistently in double-figures. The rental income of Royal Scot Hotel, London for the year was GBP3,546,000 (2022: GBP3,546,000).

COST

The **HOTELS' SERVICE COST** for the year was HK\$242.8 million (2022: HK\$167.0 million/2019: HK\$262.7 million), representing hotel operation cost. The increase in hotel operating cost is much attributable to increase of employees from 334 to 536 and salary increase during the year (including staffs for newly acquired Grand Bay View Hotel). The hotel's service cost of Grand Bay View Hotel is HK\$32.8 million.

Cost of sale of HK\$1.5 million (2022: HK\$25.7 million) was from cost of food and beverage. The decrease was due to termination of providing quarantine hotel external catering during the year.

During the year, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$69 million (2022: HK\$36 million). The increase was mainly due to pre-operating expenses, repair and maintenance of Grand Bay View Hotel and Magnificent International Hotel, Shanghai which amounted to HK\$29 million and operating expenses of Wood Street Hotel Limited which amounted to HK\$6 million.

The accounting standards require hotel properties of the Group to provide **DEPRECIATION** which amounted to HK\$95 million (2022: HK\$74 million) for the year.

DEPRECIATION OF HOTEL PROPERTIES

Name of Hotel	2023 HK\$'000	2022 HK\$'000	Change HK\$'000
Ramada Hong Kong Harbour View	6,187	6,164	+23
Ramada Hong Kong Grand	29,556	29,689	-133
Best Western Plus Hotel Kowloon	15,509	16,132	-623
Best Western Plus Hotel Hong Kong	4,212	4,176	+36
Best Western Hotel Causeway Bay	11,737	11,730	+7
Grand Bay View Hotel	25,572	-	+25,572
Grand City Hotel	-	3,574	-3,574
Magnificent International Hotel, Shanghai	<u>2,602</u>	<u>2,488</u>	+114
Total amount for the year	95,375	73,953	+21,422

FUNDING

As at 31st December, 2023, the **OVERALL DEBTS** of the Group were HK\$873 million (2022: HK\$857 million), of which HK\$330 million (2022: HK\$242 million) was assets secured bank borrowings and HK\$545 million was advances from shareholders (mainly Shun Ho Property Investments Limited) (2022: HK\$615 million).

As at 31st December, 2023, the debt ratio was 9% (2022: 9%) in term of overall debt of HK\$875 million (2022: HK\$857 million) against the fully revalued net assets value of the Group amounted to HK\$9,877 million (2022: HK\$9,600 million).

As at 31st December, 2023, the gearing ratio was 21% (2022: 20%) in terms of overall debts of HK\$875 million (2022: HK\$857 million) against funds employed of HK\$4,220 million before revaluation of all hotel properties (2022: HK\$4,233 million).

The overall debts were analysed as follows:

	2022	2023	Change	Interest Paid 2023
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Bank loans	242	330	+88	14.4
Shareholder's loan	615	545	-70	29.3
Overall debts	857	875	+18	43.7

FINANCE COST: Of these loans, the total interest expenses amounted to HK\$43.7 million (2022: HK\$23.1 million), the bank loans interest expenses amounted to HK\$14.4 million (2022: HK\$8.2 million) and the shareholders' loan interest expenses amounted to HK\$29.3 million (2022: HK\$14.9 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 31st December, 2023, the Group had a total number of 536 employees (2022: 334 employees). Remuneration and benefit were set with reference to the market.

BUSINESS HIGHLIGHTS

A total of approximately 17 million overnight tourists visited Hong Kong during the year of 2023, of which about 12 million were from the PRC. Compared with 2019 and before the pandemic, 23 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 Bay Bridge Hotel, with 435 guest rooms, restaurant, 180 covered carparks, consisting 216,314 square feet gross area (excluding 180 covered carparks).

Grand Bay View Hotel and Magnificent International Hotel, Shanghai have commenced business on 1st August, 2023 after substantial repair and maintenance.

For the year of 2023, the total income for the Group increased by 3% compared with last year. In response to mainland and Hong Kong border re-opening at the beginning of the year, the Group hotels, after being transformed to designated quarantine and community isolated facility hotels during the pandemic years, promptly resumed normal operations with extensive renovations and relaunch of sales activities under dedicated leadership of the management. The Group achieved an average hotel occupancy rate of over 90% throughout the year. However, the net profit of the Group for the year was affected by cost of renovating hotels, increase in operating expenses due to shortage of labour, and pre-operating expenses and extraordinary tax payment due to acquisition of Grand Bay View Hotel.

Future prospect of the Royal Scot Hotel, London rental increase is encouraging because annual rent increase (once every 5 years) is linked with the United Kingdom Retail Price Index, which is currently maintained at 40-year high during year 2022 to 2023 inflating consistently in double-figures.

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.

The newly acquired Grand Bay View Hotel commenced business on 1st August, 2023 and has been achieving high occupancies. Other hotels of the Group in Hong Kong will also continue to achieve high occupancies.

The PRC economy would remain weak. However, we hope the hotel business would benefit from the Hong Kong 2024 Budget Address that emphasizes the boost of Hong Kong tourism, and the number of overnight tourists to Hong Kong would continue to rise and outperform last year.

Future prospect of the hotel business and rental incomes continue to be challenging. 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, 2023.

CORPORATE GOVERNANCE

(a) Compliance with the Corporate Governance Code

During the year ended 31st December, 2023, 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 year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2023.

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 and other comprehensive income and the related notes thereto for the year ended 31st December, 2023 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 audited consolidated financial statements of the Group for the year as approved by the Board on 15th March, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 15th March, 2024

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.