



Shun Ho Holdings Limited

順豪控股有限公司

(Stock Code 股份代號: 253)

ANNUAL REPORT 2025
二零二五年年報

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Corporate Information

Executive Directors

Mr. William CHENG Kai Man (*Chairman*)
Mr. Albert HUI Wing Ho
Madam Kimmy LAU Kam May
Madam NG Yuet Ying

Non-executive Director

Madam Mabel LUI FUNG Mei Yee

Independent Non-executive Directors

Mr. CHAN Kim Fai
Mr. LAM Kwai Cheung
Mr. Warren LIU Yuk Cho

Company Secretary

Madam KOO Ching Fan

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Solicitor

Withers
30th Floor
United Centre
95 Queensway
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

Registered Office

22nd Floor
633 King's Road
North Point, Hong Kong

Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: 2980 1333

Company's Website

www.shunho.com.hk

Chairman’s Statement

I present to the shareholders my report on the results and operations of Shun Ho Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31st December, 2025.

RESULTS

The net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the year ended 31st December, 2025 was HK\$91 million (2024: HK\$71 million), increased by HK\$20 million (+28%).

DIVIDEND

In deciding whether to distribute the final dividend and its amount, the board (the “Board”) of directors (the “Director(s)”) of the Company has reviewed the Company’s adopted dividend policy and does not recommend the payment of final dividend for the year ended 31st December, 2025 (2024: Nil), mainly because the Company received no cash dividend income from its major subsidiary, Shun Ho Property Investments Limited (“Shun Ho Property”).

MANAGEMENT DISCUSSION AND ANALYSIS

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

The net profit after tax attributable to owners of the Company before revaluation and depreciation of land, property and equipment for the year ended 31st December, 2025 was HK\$91 million (2024: HK\$71 million), increased by HK\$20 million (+28%).

Chairman's Statement (Continued)

PERFORMANCE

1. Hotel Business

The income from hotel operations of the Group amounted to HK\$587 million (2024: HK\$556 million), increased by 6%.

The Group owns 66.18% of Shun Ho Property 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 Bay View Hotel, (8) Magnificent International Hotel, Shanghai and (9) Royal Scot Hotel in London. The nine hotels have about 3,042 guest rooms and the Group is one of the largest hotel groups in Hong Kong.

The net profit after tax attributable to owners of Magnificent Hotel before revaluation and depreciation of land, property and equipment for the year ended 31st December, 2025 was HK\$155.1 million (2024: HK\$103.6 million), increased by HK\$51.5 million (+50%).

	2025	2024	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Net profit from operation of hotels	57,749	22,392	+158%
Net profit from property investment	43,652	33,511	+30%
Income from securities investments	25	–	N/A
Other income and gain and losses	<u>3,142</u>	<u>3,025</u>	+4%
	104,568	58,928	+77%
Administrative expenses	(43,251)	(49,517)	-13%
Finance costs	(30,635)	(45,003)	-32%
Income tax expense	<u>(22,606)</u>	<u>(9,810)</u>	+130%
Profit (loss) after taxation	8,076	(45,402)	N/A
Non-controlling interests	<u>124</u>	<u>627</u>	-80%
Profit (loss) after taxation and non-controlling interests	8,200	(44,775)	N/A
Add: Revaluation loss	8,000	11,000	-27%
Add: Properties depreciation and impairment and release of prepaid lease payments for land	<u>138,898</u>	<u>137,466</u>	+1%
Net profit after tax attributable to owners of the Company before revaluation and depreciation and impairment and release of prepaid lease payments for land	<u>155,098</u>	<u>103,691</u>	+50%

Chairman's Statement (Continued)

The overall increase in profit for the Magnificent Hotel Group for the year ended 31st December, 2025 was mainly due to increase in revenue by HK\$32 million, and decrease in hotel operating costs by HK\$11 million, administrative expenses by HK\$6 million and finance costs by HK\$14 million.

During the year, the total income for the Magnificent Hotel Group increased by 6% from approximately HK\$526 million to approximately HK\$559 million compared with last year.

As at 31st December, 2025, an independent third-party valuation of Royal Scot Hotel, London was GBP88,500,000 (2024: GBP88,500,000). The rental income of Royal Scot Hotel, London for the year was GBP4,737,000 (2024: GBP4,172,000).

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 and Best Western Plus Hotel Hong Kong amounted to HK\$129 million (2024: HK\$128 million).

As at 31st December, 2025, the occupancy rates of the Hong Kong commercial properties of the Group are as follows:

Shun Ho Tower	91%
633 King's Road	80%

The rental income of these two commercial properties decreased from HK\$79 million to HK\$72 million compared with last year

During the year, the **ADMINISTRATIVE EXPENSES** excluding depreciation was HK\$60 million (2024: HK\$63 million).

LIQUIDITY

As at 31st December, 2025, the **OVERALL DEBTS** of the Group including Shun Ho Property and Magnificent Hotel and their subsidiaries were HK\$885 million (2024: HK\$1,060 million). The gearing ratio of the Group in terms of overall debts against funds employed was 11% (2024: 13%).

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

As at 31st December, 2025, the Group had a total number of 572 employees (2024: 643 employees). Remuneration and benefit were set with reference to the market.

SECURITIES INVESTMENTS

The market value of the Group's securities investments amounted to HK\$771,000 (2024: HK\$739,000), representing 0.008% (2024: 0.008%) of the Group's total assets, which at cost was HK\$5,600,000. During the year, the Group recognised an increase in fair value of HK\$32,000 (2024: decrease of HK\$304,000) as compared to the year ended 31st December, 2024 in the consolidated statement of total comprehensive income on these securities investments. These are insignificant investments made out of shareholder fund which are held for long term, and consist of only stock interests in Langham Hospitality Investments Limited which is a public company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group maintains a prudent approach to treasury management. Any potential investment activities, if considered, would be subject to clearly defined investment objectives, focusing on capital preservation, liquidity and risk control. Liquidity risk is managed by maintaining sufficient cash reserves and monitoring cash flow forecasts to ensure the Group can meet its operational and potential funding needs under varying conditions. Counterparty risk is assessed based on financial strength and market reputation.

The Board is responsible for overseeing the Group's overall investment strategy and treasury policies. Any proposed investment activities would require prior approval from the designated management and in compliance with applicable laws and regulations.

The Group has established the Risk Management Committee, with internal control procedures, to monitor and manage financial risks, including market risk, credit risk and liquidity risk. These controls are designed to ensure that any investment activities, if undertaken, are properly evaluated, approved and monitored.

BUSINESS HIGHLIGHTS

During the year ended 31st December, 2025, the number of overnight visitors in Hong Kong amounted to around 23.0 million (31st December, 2024: 21.9 million) and against 29 million in 2018, among which 65% were mainland visitors and 35% were non-mainland visitors. Per-capita spending of mainland overnight visitors remained low at HK\$5,000 as compared to HK\$6,000 in 2019 pre-pandemic year. The pace of recovery of the tourism industry continues to be affected by declining per-capita spending of mainland visitors.

Throughout the year, the Group achieved an average hotel occupancy rate of over 90%. Compared with last year, the hotel income of the Group increased by 6% to HK\$587 million and the total income of the Group increased by 5% to HK\$716 million.

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. Initial phase of construction works have commenced.

LOOKING AHEAD

The Group has nine income producing hotels, seven 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, more PRC tourists choose to stay in the Greater Bay area and visit Hong Kong on day trips. In addition, the negative effects of the ongoing Gulf War, which are causing travellers to cancel trips, together with the slowdown of the global economy and inflation driven by high energy prices, are expected to further dampen travel demand.

Most of the tenants at the Group's 633 King's Road office building and Shun Ho Tower are multinational trading companies. Due to the US/China trade war and downturn of Hong Kong's import/export volumes, those trading company tenants are experiencing difficulties and therefore the occupancies are being affected.

Future prospect of the hotel business and rental incomes may continue to be challenging and unstable. The management will keep its effort to increase incomes and control costs.

William CHENG Kai Man
Chairman

Hong Kong, 20th March, 2026

Directors' Profiles

Mr. William CHENG Kai Man

Chairman, Executive Director and Chief Executive Officer

Mr. Cheng, aged 64, was appointed to the Board in 1990. He also serves as the chairman of the Nomination Committee of the Company and a member of the Remuneration Committee of the Company. He is also the chairman, executive director and chief executive officer of each of Shun Ho Property Investments Limited ("Shun Ho Property") and Magnificent Hotel Investments Limited ("Magnificent Hotel"), both of which are subsidiaries of the Company whose shares are listed on the Stock Exchange. Mr. Cheng also holds directorships in various subsidiaries of the Company. He has over 30 years of experience in construction, property investment and development and has over 20 years of experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering and a master's degree in structural engineering. He is a director of Magnificent Assets Holdings Limited ("Magnificent Assets Holdings (BVI)") and Mercury Fast Limited ("Mercury Fast") which are substantial shareholders of the Company.

Mr. Albert HUI Wing Ho

Executive Director

Mr. Hui, aged 63, was appointed to the Board in 1988. He is also an executive director of Shun Ho Property and Magnificent Hotel. He also holds directorships in various subsidiaries of the Company. He has over 30 years of experience in construction, property investment and development and has over 20 years of experience in hotel management. He graduated in the U.K. and holds a bachelor's degree in civil engineering. He is a director of Mercury Fast, a substantial shareholder of the Company.

Madam Kimmy LAU Kam May

Executive Director and Chief Financial Officer

Madam Lau, aged 58, FCCA, CPA, was appointed to the Board in 2017. She is also an executive director and the chief financial officer of each of Shun Ho Property and Magnificent Hotel. She also holds directorship in various subsidiaries of the Company. She has extensive experience in accounting, auditing and financial management and over 10 years of experience in hotel management. She graduated from the City University of Hong Kong and holds a bachelor's degree in accountancy.

Madam NG Yuet Ying

Executive Director

Madam Ng, aged 43, was appointed to the Board in 2020. She also serves as a member of the Nomination Committee of the Company. She is also an executive director of Shun Ho Property and Magnificent Hotel. She is the head of operation and accounting of all local hotels of the Group with over 10 years of experience in accounting and financial management as well as hotel operation and management. She graduated from the University of South Australia with Bachelor of Accountancy.

Madam Mabel LUI FUNG Mei Yee

Non-executive Director

Madam Lui Fung, aged 74, a Solicitor and Notary Public, was appointed to the Board in 1999. She is also a non-executive director of Shun Ho Property and Magnificent Hotel. From 3rd June, 2019 to 15th May, 2025, she was an independent non-executive director of China International Marine Containers (Group) Co., Ltd., a company whose shares are listed on the Stock Exchange. She is a senior executive consultant and head of Greater China Commercial Practice of Withers.

Mr. CHAN Kim Fai

Independent Non-executive Director

Mr. Chan, aged 67, FCCA, CPA (Practising), was appointed to the Board in 2004. He also serves as the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. He is also an independent non-executive director of Shun Ho Property, Magnificent Hotel and EGL Holdings Company Limited, companies whose shares are listed on the Stock Exchange. He holds a bachelor's degree in science from The Chinese University of Hong Kong. He has extensive experience in accounting, corporate finance and financial management. He is a partner of Ivan Chan & Co, CPA.

Mr. LAM Kwai Cheung

Independent Non-executive Director

Mr. Lam, aged 65, FCCA, CPA (Practising), was appointed to the Board in 2017. He also serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is also an independent non-executive director of Shun Ho Property and Magnificent Hotel. He has extensive experience in accounting, auditing and financial management. He is the practitioner of Terry Lam & Co., CPA.

Mr. Warren LIU Yuk Cho

Independent Non-executive Director

Mr. Liu, aged 65, was appointed to the Board in 2021. He also serves as a member of the Audit Committee and the Nomination Committee of the Company. He is also an independent non-executive director of Shun Ho Property and Magnificent Hotel. He has extensive experience in real estate and development consultancy and is a fellow member of the Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors. He is a director of Cosmo Surveyors Limited.

Corporate Governance Report

The Company is committed to maintaining good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control and transparency and accountability to all shareholders.

CORPORATE GOVERNANCE

The Board has adopted the Corporate Governance Code (the “Corporate Governance Code”) set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the corporate governance code of the Company.

(a) Compliance with the Corporate Governance Code

During the year ended 31st December, 2025, the Company has complied with all applicable code provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules 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.

Corporate Governance Report (Continued)

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders value.

The Listing Rules require every listed issuer to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. As at 31st December, 2025, the Board comprises a total of eight Directors, with four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. Two Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise.

As at the date of this report, the Board's composition under major diversified perspectives was summarized as follows:

Gender	Male		Female						
Ethnicity	Chinese								
Age Group	40-49	50-59	>59						
Year of Service	<10			>10					
	0	1	2	3	4	5	6	7	8

None of the Directors has any financial, business, family or other material/relevant relationship with any other Directors.

All Directors (including Executive or Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association. Review will be made regularly of the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out on page 7.

The positions of the Chairman and the Chief Executive Officer of the Company are both held by Mr. William Cheng Kai Man due to reasons disclosed under the section headed "Corporate Governance" of this corporate governance report.

The Board is responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of the senior management and performing corporate governance duties.

The management, under the leadership of the Chief Executive Officer, is responsible for implementing strategies and plans established by the Board; and submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of the Board's responsibilities.

The Board has adopted effective mechanisms to ensure independent views and input are available to the Board. Subject to approval of the Chairman of the Board, Directors may seek, at the Company's expense, independent legal, financial or other professional advices from advisors independent to those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively. The Board reviews the effectiveness of such mechanisms on an annual basis.

All Directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group.

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Corporate Governance Report (Continued)

The Board meets regularly and held four meetings in 2025, the attendance of each director is set out below:

	Number of meetings attended/ Number of meetings held during respective director's tenure	Attendance rate
Executive Directors		
William Cheng Kai Man (<i>Chairman</i>)	4/4	100%
Albert Hui Wing Ho	4/4	100%
Kimmy Lau Kam May	4/4	100%
Ng Yuet Ying	4/4	100%
Non-executive Director		
Mabel Lui Fung Mei Yee	2/4	50%
Independent Non-executive Directors		
Chan Kim Fai	4/4	100%
Lam Kwai Cheung	4/4	100%
Warren Liu Yuk Cho	4/4	100%

Regular Board meetings of the year are scheduled in advance to give all Directors an opportunity to attend. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

Each newly appointed Director is provided with a package of orientation materials setting out the duties and responsibilities of directors under the Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. Orientation meeting with every newly appointed Director will be held for briefing on business and operations of the Company. Updates are provided to Directors when necessary to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

DIRECTORS' TRAINING

The management of the Company provides the Directors with monthly updates on the Group's performance and position to enable the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by Directors in 2025 is set out below:

Name of Directors	Type of Continuous Professional Development	
	Attending seminar on regulatory development and/or directors' duties	Reading regulatory updates or information relevant to the Company or its business
William Cheng Kai Man	√	√
Albert Hui Wing Ho	√	√
Kimmy Lau Kam May	√	√
Ng Yuet Ying	√	√
Mabel Lui Fung Mei Yee	√	√
Chan Kim Fai	√	√
Lam Kwai Cheung	√	√
Warren Liu Yuk Cho	√	√

Corporate Governance Report (Continued)

ATTENDANCE AT GENERAL MEETING

	Annual General Meeting (held on 23rd May, 2025)	Emolument band (HK\$)	Number of individuals
Executive Directors		1 – 5,000,000	3
		10,000,001 – 15,000,000	1
William Cheng Kai Man	√		4
Albert Hui Wing Ho	√		
Kimmy Lau Kam May	√		
Ng Yuet Ying	√		

Non-executive Director

Mabel Lui Fung Mei Yee √

Independent Non-executive Directors

Chan Kim Fai √
Lam Kwai Cheung √
Warren Liu Yuk Cho √

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With assistance of the Accounts Department which is under the supervision of the Chief Financial Officer of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 24 to 28.

During the year, the emoluments paid by the Group to the senior management, i.e. Executive Directors, of the Company fell within the following bands:

Emolument band (HK\$)	Number of individuals
1 – 5,000,000	3
10,000,001 – 15,000,000	1

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board is responsible for evaluating and determining the nature and extent of the risks. The Board has overall responsibilities for maintaining sound and effective risk management and internal control system of the Group. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. This evaluation process will be carried out on an ongoing basis.

The Board has conducted a review of the effectiveness of the system of risk management and internal control of the Group and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting, financial reporting and environmental, social and governance performance and reporting functions and their training programmes and budget on an annual basis. The Board is of the view that the risk management and internal control system of the Group in place for the year under review and up to the date of issuance of the annual report and financial statements are sound and sufficient to safeguard the Group's assets and the interests of shareholders, customers and employees.

The responsibilities of the Audit Committee include reviewing the risk management and internal control systems. The Audit Committee reports to the Board after due review of the management's confirmation on the effectiveness of the Group's risk management and internal control systems. The Board reviews the adequacy and effectiveness of the Group's risk management through the Audit Committee. The Board relies on the Audit Committee which in turn relies on Risk Management Committee and Internal Audit Team.

The Company established the Risk Management Committee in 2019 which comprises three executive directors, namely Mr. William Cheng Kai Man (Chairman of the Risk Management Committee), Madam Kimmy Lau Kam May and Mr. Albert Hui Wing Ho. Mr. Cheng is responsible for business risks, Madam Lau, also being the Chief Financial Officer, is responsible for financial risks and Mr. Hui is responsible for property assets management risks. They perform daily, weekly and monthly checks in their specific area.

The Company established the Internal Audit Team in 2019 which comprises three executive directors, namely Mr. William Cheng Kai Man (Chairman of the Internal Audit Team), Madam Kimmy Lau Kam May (financial member of the Internal Audit Team) and Madam Ng Yuet Ying (executive member of the Internal Audit Team). Mr. Cheng is responsible for final review and approval, while Madam Lau is responsible for financial area and Madam Ng is responsible for execution area. Monthly reports from the execution member of details of all expenditures and proposed acquisitions are submitted to the Internal Audit Team. The financial member carefully analyses and scrutinises the reports and then recommends the expenditures to the Chairman. After the Chairman's review and approval, the Chairman passes down to the executive member for execution. They perform daily, weekly and monthly checks in internal audit and internal control systems.

The Internal Audit Team conducts independent reviews of the adequacy and effectiveness of the Group's internal audit and internal control systems associated with the Group's principal operations and reports the review results to the Board through the Audit Committee. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and internal audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

The risk management and internal control systems of the Group are designed to assist the Group to achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

In order to identify, evaluate and manage the significant risks including operational (hotel operations, hotel management and property leasing) and functional (finance, human resources, IT, secretarial and corporate communications) risks, the risk management of the Group combines a top-down strategic view with a bottom-up operational process. The Board, by the top-down approach, has a particular focus on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group. On the other hand, the bottom up approach is embedded in the operations of the Group and complements the top-down strategic view by identifying the principal risks and ensuring all significant risks to be adequately considered by the Board. The Board assesses effectiveness of existing controls, provides treatment plans where required, and monitors risk mitigating activities. Risk management of the Group has to be proactive to ensure that significant risks are identified, assessed by considering the impacts and likelihoods of their occurrence, and effectively managed by identifying suitable controls and counter-measures, and assessing the cost effectiveness of the mitigating actions proposed.

The Board assesses the likely impact of any unexpected and significant event on the price of the Company's shares or their trading volume and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIV of the Securities and Futures Ordinance.

AUDITOR'S REMUNERATION

For the year ended 31st December, 2025, the Auditor of the Group received approximately HK\$2.9 million for audit service, HK\$0.4 million for review service and HK\$0.3 million for tax and consultancy services for the Company and its subsidiaries.

AUDIT COMMITTEE

The Audit Committee was established in 1995 with specific terms of reference in accordance with the Corporate Governance Code. The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Chan Kim Fai (Chairman of the Audit Committee), Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho.

The principal duties of the Audit Committee are (i) to oversee the relationship with the Auditor of the Company; (ii) to review the annual and interim results before publication; and (iii) to oversee the Group's financial reporting system, risk management and internal control systems. The full version of the terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Corporate Governance Report (Continued)

The Audit Committee held two meetings in 2025, the attendance of each member is set out below:

	Number of meetings attended/ Number of meetings held in 2025	Attendance rate
Chan Kim Fai	2/2	100%
Lam Kwai Cheung	2/2	100%
Warren Liu Yuk Cho	2/2	100%

The scope of work done by the Audit Committee during the year under review includes the following:

- reviewed the accounting policies adopted by the Group;
- reviewed the interim report and the interim results announcement for the six months ended 30th June, 2025;
- reviewed the comprehensiveness, effectiveness and adequacy of the Company's risk management and internal control systems;
- reviewed the effectiveness of the internal audit system and the adequacy of resources available for its effective functioning;
- reviewed the audited accounts and final results announcement for the year ended 31st December, 2024; and
- recommended to the Board the re-appointment of the Auditor of the Company.

The Group's annual report for the year ended 31st December, 2025 has been reviewed by the Audit Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Company established the Environmental, Social and Governance ("ESG") Committee (the "ESG Committee") in 2019 which comprises assigned management from relevant departments assisting in data collection and compilation of the ESG Report. The ESG Committee would periodically report to the Board in assessing, identifying and managing risks of the Group on ESG aspects, and reflect whether its internal control system is appropriate and effective. The assigned management reviews the ESG performance of the Group, including environmental, climate, labour practices and other ESG aspects. The Board sets the tone at the top for the Group's ESG strategies, and is responsible for ensuring effective risk management and internal controls.

The Board assumes full responsibility for the Group's ESG strategies and reporting as well as for overseeing and managing the Group's ESG-related issue. In order to better manage the Group's ESG performance, related issues and potential risks, the Board discusses and reviews the Group's ESG risks and opportunities, performance, goals and targets regularly with the assistance of the ESG Committee. During the year, the Company confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 with specific terms of reference in accordance with the Corporate Governance Code. The Remuneration Committee currently comprises two Independent Non-executive Directors, namely Mr. Chan Kim Fai (Chairman of the Remuneration Committee) and Mr. Lam Kwai Cheung, and one Executive Director, namely Mr. William Cheng Kai Man.

The principal duties of the Remuneration Committee are making recommendations to the Board on formulating directors' remuneration policy and determining directors' remunerations. The full version of the terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Corporate Governance Report (Continued)

The Remuneration Committee held one meeting in 2025, the attendance of each member is set out below:

	Number of meetings attended/ Number of meetings held in 2025	Attendance rate
Chan Kim Fai	1/1	100%
William Cheng Kai Man	1/1	100%
Lam Kwai Cheung	1/1	100%

During the year, the Remuneration Committee reviewed and recommended to the Board on the Directors' annual remunerations.

REMUNERATION POLICY

Directors are remunerated in accordance with the nature of their duties and comparable market conditions. Incentive bonus would be granted to reward and motivate well-performed Directors. The Company also arranges regular continuous professional development trainings to the Directors.

NOMINATION COMMITTEE

The Nomination Committee was established in 2012 with specific terms of reference in accordance with the Corporate Governance Code. The Nomination Committee currently comprises two Executive Directors, namely Mr. William Cheng Kai Man (Chairman of the Nomination Committee) and Madam Ng Yuet Ying, and three Independent Non-executive Directors, namely Mr. Chan Kim Fai, Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho.

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board; to assist the Board in maintaining a board skills matrix; to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to consider the suitability of a candidate to act as a Director based on the candidate's qualification, experience, integrity and potential contribution to the Company; to assess the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules; and to support regular evaluation of the Board's performance. The full version of the terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee held one meeting in 2025, the attendance of each member is set out below.

	Number of meetings attended/ Number of meetings held in 2025	Attendance rate
William Cheng Kai Man	1/1	100%
Ng Yuet Ying (appointed on 23rd May, 2025)	0/0	N/A
Chan Kim Fai	1/1	100%
Lam Kwai Cheung	1/1	100%
Warren Liu Yuk Cho (appointed on 23rd May, 2025)	0/0	N/A

During the year, the Nomination Committee (i) reviewed the structure, size and composition of the Board; and (ii) assessed the independence of the Independent Non-executive Directors.

BOARD DIVERSITY POLICY

The Company has adopted a policy concerning diversity of board members pursuant to which selection of candidates of board members will be based on a range of diversity perspectives, including but not limited to business experience, geography, age, gender, and ethnicity and aboriginal status. No single gender Board should be allowed. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee considered that the current Board composition has the appropriate skills, experience and diversity of perspectives that are required to support the execution of the business strategies of the Company and achieve the effective running of the Board.

The Nomination Committee reviews the implementation and effectiveness of the Board Diversity Policy and assess the Board composition on an annual basis.

The current female representation are 37.5% and 44.9% at board level and at workforce level respectively, which are considered to be achieving optimal degree of gender diversity in the Group. The Nomination Committee will review annually the need for achieving higher gender diversity and secession plans in the Board and the workforce where necessary.

NOMINATION POLICY

Objective

The Company has adopted a nomination policy pursuant to which the Nomination Committee shall consider the following criteria, procedures and process in evaluating and selecting candidates for directorship.

Nomination Criteria

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (c) Willingness to devote adequate time to discharge duties as a member of the Board;
- (d) Board diversity policy and any measurable objectives adopted for achieving diversity of the Board; and
- (e) Such other perspectives appropriate to the Company's business or as suggested by the Board.

Nomination Procedures and Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) A meeting of the Nomination Committee shall be called to put forward the nominations of candidates from Board members, if any, for consideration by the Nomination Committee;

- (b) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
- (c) The proposed candidates will be asked to submit the necessary personal information and biography for the Nomination Committee's consideration. The Nomination Committee may request the candidate(s) to provide additional information and documents, if considered necessary;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment;
- (f) The Board may arrange for the selected candidate to be interviewed by the members of the Board and the Board will thereafter deliberate and decide the appointment as the case may be;
- (g) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting; and
- (h) All appointment of Directors will be confirmed by the filing of the prescribed form with the Companies Registry of Hong Kong and updating (and, if necessary, filing) of the Register of Directors of the Company.

Decision by the Board

After the Nomination Committee makes its recommendations to the Board, the Board will have the final authority on determining the selection of director candidates for nomination to the Board.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

The Company has adopted an anti-corruption policy to govern acceptance of advantages by employees and a whistleblowing policy to provide guidance to employees and external stakeholders to report concerns about any suspected or actual improprieties relating to the Group.

COMPANY SECRETARY

Madam Koo Ching Fan is an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and a fellow member of the Association of Chartered Certified Accountants. She is also a holder of the Practitioner's Endorsement issued by the Hong Kong Chartered Governance Institute. Although the Company Secretary is not a full time employee of the Company, she reports to the Board and is responsible for advising the Board on governance matters. The primary contact person of the Company with the Company Secretary is Mr. William Cheng Kai Man, the Chairman, Executive Director and Chief Executive Officer of the Company. During 2025, Madam Koo has confirmed that she has taken no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Part K of the Corporate Governance Code.

Convening of General Meeting on Request

Shareholder(s) may request the Directors to call a general meeting pursuant to Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO").

In accordance with Section 566 of the CO, the Directors are required to call a general meeting if the Company has received requests to do so from members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meeting. Such requests must state the general nature of the business to be dealt with at the meeting; and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such requests may be sent to the Company in hard copy form (by depositing at the registered office of the Company at 22nd Floor, 633 King's Road, North Point, Hong Kong for the attention of the Board) or in electronic form (by email: shunho@netvigator.com); and must be authenticated by the person or persons making it. In accordance with Section 567 of the CO, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the CO and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Putting Forward Proposals at Annual General Meeting

To put forward a resolution at an annual general meeting, shareholders are requested to follow the requirements and procedures set out in Sections 615 and 616 of the CO.

Section 615 of the CO provides that the Company must give notice of a resolution if it has received requests that it do so from (a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate. Such requests (a) may be sent to the Company in hard copy form (by depositing at the registered office of the Company at 22nd Floor, 633 King's Road, North Point, Hong Kong for the attention of the Board) or in electronic form (by email: shunho@netvigator.com); (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting. Section 616 of the CO provides that the Company that is required under Section 615 of the CO to give notice of a resolution must send a copy of it at the Company's own expense to each member of the Company entitled to receive notice of the annual general meeting (a) in the same manner as the notice of the meeting; and (b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

Pursuant to Article 120 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least seven days. The period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Detailed procedures for shareholders to propose a person for election as a Director can be found on the Company's website.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board has adopted a Shareholder's Communication Policy in 2022 which sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. In summary, the Company establishes different communication channels with shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the company website; (iii) holding of annual general meetings to provide platform for shareholders to raise comments and exchange views with the Board; and (iv) arrangement in serving the shareholders in respect of all share registration matters. The Board reviewed the validity of implementation of the Shareholder's Communication Policy during the year and considered that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the shareholders.

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Company at its registered office.

DIVIDEND PAYMENT POLICY

The Board has adopted a dividend payment policy (the "Dividend Payment Policy") pursuant to which the Company may declare and pay dividends to the shareholders of the Company (the "Shareholders").

According to the Dividend Payment Policy, the declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Articles of Association of the Company. In accordance with the Articles of Association of the Company, the Company may by ordinary resolution declare dividends according to the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Board and be payable out of the profits of the Company. Moreover, in addition to cash, the dividends may be paid up in the form of the Company's shares, by the distribution of specific assets of any kind or by distribution of any form.

The Dividend Payment Policy aims to provide stable and sustainable returns to Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Company shall take into account, inter alia:

- i. the Group's operating conditions and market environment;
- ii. the Group's general financial position;
- iii. the actual and future operating and liquidity capital of the Group;
- iv. after-tax profit and distributable profits of the Company and the Group;
- v. the Group's future acquisition capital requirement and expected working capital requirements;
- vi. the continuity and sustainability of any dividend distribution; and
- vii. any other factors that the Board deems appropriate.

The Board will review the Dividend Payment Policy from time to time and reserves its right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Payment Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

Report of the Directors

The Board presents their report and the audited consolidated financial statements of the Company for the year ended 31st December, 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2025 are set out in the consolidated statement of profit or loss on page 29.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's prospects are disclosed in the Chairman's Statement on pages 3 to 6 of this Annual Report. Description of principal risks and uncertainties that the Group is facing is disclosed in the Report of the Directors on pages 18 to 23 of this Annual Report while the financial risk management objectives and policies of the Group are disclosed in notes 31 and 32 to the consolidated financial statements. An analysis of the Group's performance during the year using key performance indicators is disclosed in the Chairman's Statement on pages 3 to 6 of this Annual Report and Financial Summary on page 86 of this Annual Report. In addition, discussions on the Group's compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders and environmental policies are disclosed on pages 22 to 23 of this Annual Report.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31st December, 2025 (2024: Nil).

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the consolidated financial statements. There were no movements in the share capital of the Company during the year.

RESERVES

Movements during the year in the reserves of the Group are set out on page 33 and those of the Company are set out in note 29 to the consolidated financial statements.

The Company's reserves available for distribution to shareholders as at 31st December, 2025 represented its retained profits of HK\$285,873,000 (2024: HK\$268,529,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2025. The decrease in revaluation of approximately HK\$234 million has been dealt with in the consolidated statement of profit or loss.

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

BORROWINGS

An analysis of the repayment schedule of bank loans is set out in note 22 to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st December, 2025 are set out on pages 87 to 88 of the Annual Report.

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, 2025.

Report of the Directors (Continued)

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. William Cheng Kai Man
Mr. Albert Hui Wing Ho
Madam Kimmy Lau Kam May
Madam Ng Yuet Ying

Non-executive Director

Madam Mabel Lui Fung Mei Yee

Independent Non-executive Directors

Mr. Chan Kim Fai
Mr. Lam Kwai Cheung
Mr. Warren Liu Yuk Cho

According to Article 116 of the Company's Articles of Association, three Directors, Mr. Albert Hui Wing Ho, Madam Mabel Lui Fung Mei Yee and Mr. Lam Kwai Cheung, will retire from office by rotation at the forthcoming annual general meeting of the Company. All of them, being eligible, have offered themselves for re-election.

The term of office for each Executive Director and Non-executive Director is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

There is a service contract between the Company and each Independent Non-executive Director for the term of one year and each of them is subject to rotational and re-election requirements at the annual general meeting of the Company pursuant to the Company's Articles of Association.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence and considers that each of the Independent Non-executive Directors is independent to the Company in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS OF SUBSIDIARIES

The persons who have served on the board of the subsidiaries of the Company during the year and up to the date of this report are Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May, Madam Ng Yuet Ying, Madam Mabel Lui Fung Mei Yee, Mr. Chan Kim Fai, Mr. Lam Kwai Cheung, Mr. Warren Liu Yuk Cho, Madam Chan Yuk Lin and Mr. Henry Chung Siu Wah, among which Mr. Chan Kim Fai, Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho are the independent non-executive directors of Shun Ho Property and Magnificent Hotel only.

DIRECTORS' INTERESTS IN LISTED SECURITIES

As at 31st December, 2025, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

The Company

Name of director	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Beneficial owner and interest of controlled corporations	Personal and corporate	226,454,825 (Note)	74.40

Note:

Magnificent Assets Holdings (BVI) beneficially owned 154,006,125 shares in the Company (the "Shares") (50.60%) and Mercury Fast beneficially owned 62,602,700 Shares (20.60%). Mr. William Cheng Kai Man had controlling interests in the above-mentioned companies. In addition, Mr. William Cheng Kai Man beneficially owned 9,846,000 Shares (3.23%). All the above interests in the Shares are long position.

Report of the Directors (Continued)

Associated Corporations

Name of director	Name of associated corporation	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate % of shareholding
William Cheng Kai Man	Shun Ho Property (Note 1)	Beneficial owner and interest of controlled corporations	Personal and corporate	385,395,999	66.48
William Cheng Kai Man	Magnificent Hotel (Note 2)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	Magnificent Assets Holdings (BVI) (Note 3)	Beneficial owner	Personal	2	100.00

Notes:

1. Shun Ho Property, the Company's subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. Magnificent Hotel, the Company's indirect subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Magnificent Assets Holdings (BVI), the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.
4. All the above interests in the shares of the associated corporations are long position.

Save as disclosed above and save for shares in subsidiaries held by a director in trust for their immediate holding companies, as at 31st December, 2025, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code and none of the directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding company, any of its fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE AND RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with certain related parties, details of which are set out in notes 8 and 28 to the consolidated financial statements.

In addition, the Company and its subsidiaries had the following transactions with Shun Ho Property and Magnificent Hotel group:

- (a) During the year, the Company made unsecured advances to Shun Ho Property and its subsidiary. As at 31st December, 2025, the advance amounted to HK\$2,811,000 carried fixed interests at 2% per annum and repayable on demand. Interest received by the Company on advances repaid during the year amounted to HK\$67,000.
- (b) During the year, administrative expenses amounted to HK\$150,000 were payable by the Company to Magnificent Hotel for services provided by Magnificent Hotel on a fixed basis.

Further, Shun Ho Property and its subsidiaries had the following transactions with Magnificent Hotel group:

- (a) The properties owned by subsidiaries of Shun Ho Property was let to Magnificent Hotel. The net rental received from Magnificent Hotel for the year, which was mutually agreed, amounted to HK\$1,040,000.
- (b) During the year, Shun Ho Property and its subsidiaries made unsecured advances to Magnificent Hotel and its subsidiary. As at 31st December, 2025, the advance amounted to HK\$253,356,000 carried interests at 4.52% per annum and repayable on demand. Interest received by Shun Ho Property on advances repaid during the year amounted to HK\$15,170,000.

Report of the Directors (Continued)

- (c) During the year, expenses amounted to HK\$5,422,000 were payable by Shun Ho Property to Magnificent Hotel for administrative services provided by Magnificent Hotel on a cost reimbursement basis.

Save as disclosed herein:

- (a) no transactions, arrangements or contracts of significance subsisted at any time during the year or at the end of the year to which the Company, its holding company, any of its fellow subsidiaries or subsidiaries was a party and in which a director of the Company or his/her connected entities had a material interest, whether directly or indirectly; and
- (b) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

Amongst the Directors who held office during the year, Mr. William Cheng Kai Man was directly and/or indirectly interested in the share capital of the Company, Shun Ho Property and Magnificent Hotel.

In the opinion of the directors not having an interest in those transactions, those transactions were carried out in the ordinary course of the Group's business on normal commercial terms.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no director shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto, provided that the Articles of Association of the Company shall only have effect in so far as its provisions are not avoided by the Companies Ordinance.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors of the Company and its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 10% in aggregate of the Group's total purchases and sales respectively.

None of the Directors, their close associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's shares) has any interest in any of the Group's five largest customers or suppliers.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2025, the following persons (not being directors or chief executive of the Company) had interests in the Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/underlying Shares held	Approximate % of shareholding
Mercury Fast	Beneficial owner	62,602,700	20.60
Magnificent Hotel (Note 1)	Interest of controlled corporation	62,602,700	20.60
Shun Ho Property (Note 1)	Interest of controlled corporation	62,602,700	20.60
Magnificent Assets Holdings (BVI) (Note 2)	Beneficial owner and interest of controlled corporation	216,608,825	71.17
Liza Lee Pui Ling (Note 3)	Interest of spouse	226,454,825	74.40

Notes:

- Magnificent Hotel and Shun Ho Property were taken to be interested in 62,602,700 Shares held by Mercury Fast, a wholly-owned subsidiary of Magnificent Hotel which in turn owned as to 71.09% by Shun Ho Property and its subsidiaries.
- Magnificent Assets Holdings (BVI) beneficially owned 154,006,125 Shares (50.60%) and was taken to be interested in 62,602,700 Shares (20.60%) held by Mercury Fast which is the Company's indirect subsidiary.
- Madam Liza Lee Pui Ling was deemed to be interested in 226,454,825 Shares (74.40%) by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
- All the above interests in the Shares are long position.

Report of the Directors (Continued)

Save as disclosed above, there was no person, other than a director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and with the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ENVIRONMENTAL POLICIES

With regard to the environmental policies, the Group aims at minimising the Group's environmental impact. The Group has adopted various environmental protection measures for enhancing carbon reduction and energy and water usage efficiency. They are regularly reviewed and results are closely monitored.

Further details have been disclosed in the Company's ESG Report 2025 which has been published on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company ensures that all applicable laws, rules and regulations are duly complied with. All the Group's hotels in Hong Kong obtained hotel licences from Home Affairs Departments and the hotel in the PRC obtained the business licence to operate hotel business. For operating hotel business, all the relevant permits, licenses, certificates and other approvals were obtained.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company places significant emphasis on human capital. The remuneration and benefit were set with reference to the market so as to recruit and retain staff with particular skills required for the Company's strategies. The Company provides a health and safety management system, a fair workplace together with a range of opportunities for career advancement based on employees' merits and performance.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, the Company takes 'Customer First' as one of our core values. The Company values the feedback from customers through daily communication, regular inspections and customer satisfaction surveys. The Company has also established the mechanism about customer service, support and complaints. The Company address customers' concern in a timely manner and in accordance with international standards.

The Company believes that the suppliers are equally important in driving quality delivery of its services. The business suppliers of the Company deliver quality sustainable products and services. The Company assures the performance of suppliers through supplier approval process and by spot checks on the delivered goods.

THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The following is a list of principal risks and uncertainties that are considered to be of significance and have potential to affect the Group's businesses, results of operations and financial conditions. However, this is non-exhaustive as there may be other risks and uncertainties arise resulting from changes in economic and other conditions over time.

Investment Properties ("IP") segment is the Group's core business. With the majority of the properties located in Hong Kong, the general economic climate, regulatory changes, government policies and the political conditions in both Hong Kong and Mainland China may have a significant impact on the Group's overall financial results and condition. The Group's rental income may experience more frequent adjustments resulting from competition arising from oversupply in retail and office areas. Furthermore, rental levels may also be impacted by external economic and market conditions including but not limited to the fluctuations in general supply and demand, performance in stock markets and financial volatility, which may indirectly affect the Group's IP performance.

IPs are stated at their fair values in accordance with the Hong Kong Financial Reporting Standards in the statement of financial position at each reporting period. The fair values are provided by independent professional surveyors, using the income capitalization approach which capitalized the net income of properties and takes into account the significant adjustments on term yield to account for the risk upon reversion and the changes in fair value are recognised in the income statement. Given the size of the Group's IP portfolio, any significant change in the IP values may significantly affect the Group's results that may not be able to reflect the Group's operating and cash flow performance.

Report of the Directors *(Continued)*

The Group owns nine hotels, seven in Hong Kong, one in London and one in the PRC. The Group is operating eight hotels out of these nine hotels, the hotel in London is operated by a hotel management company. Hotel performance is usually subject to a high degree of fluctuations caused by both predictable and unpredictable factors including seasonality, social stability, epidemic diseases and changes in economic conditions. Because of the large operating expenses of hotel business, the market profit margin is only 30% to 40% of the hotel's total income. Therefore, any significant income downturn due to the above predictable or unpredictable factors may lead to substantial decrease of net profit.

In this respect, hotel segment closely assesses the impact of the geopolitical outlook and economic development of different countries for building its portfolios and exposures to match with the Group's risk appetite. It also takes continual reviews of competition, legal and political changes as well as market trends for setting its business strategies including marketing and pricing to protect and drive profitability.

AUDITOR

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as the Auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 20th March, 2026



TO THE MEMBERS OF SHUN HO HOLDINGS LIMITED

順豪控股有限公司

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Shun Ho Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 29 to 85, which comprise the consolidated statement of financial position as at 31st December, 2025, and the consolidated statement of profit or loss, consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report (Continued)

KEY AUDIT MATTER (Continued)

Key audit matter

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgments associated with determining the fair value. As at 31st December, 2025, the Group's investment properties, are located in Hong Kong and the United Kingdom, amounted to approximately HK\$4,314 million. A net decrease in fair value of approximately HK\$234 million was recognised in the consolidated statement of profit or loss for the year.

All of the Group's investment properties are stated at fair value based on valuations performed by independent professional valuers (the "Valuers"). Fair value of investment properties is derived by income approach. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 16 to the consolidated financial statements. The valuations of investment properties are dependent on those key inputs that involve the management's and Valuer's judgements, including reversionary yield and market rent. A table showing the relationship of significant unobservable inputs to fair value is also disclosed in note 16.

How our audit addressed the key audit matter

Our procedures in relation to assessing the appropriateness of the carrying values of the investment properties included:

- Assessing the integrity of information provided by the management to the Valuers by comparing details of rental to the respective underlying existing lease agreements and the management's process for reviewing the work of the Valuers;
- Evaluating the competence, capability and objectivity of the Valuers;
- Obtaining an understanding of the valuation process and techniques adopted by the Valuers; and
- Evaluating the reasonableness of key inputs used in the valuations by (i) checking the reversionary yield and market rent; and (ii) comparing to relevant market information on selling prices, rents and yield rates of other similar properties in nearby location and with similar condition.

Independent Auditor's Report *(Continued)*

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Sin Ying (practising certificate number: P08228).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20th March, 2026

Consolidated Statement of Profit or Loss

For the year ended 31st December, 2025

	<i>NOTES</i>	2025 HK\$'000	2024 HK\$'000
Revenue	5		
Contracts with customers		586,820	556,086
Leases		129,124	127,887
Dividend income		25	–
		<hr/>	<hr/>
Total revenue		715,969	683,973
Cost of sales		(4,587)	(3,803)
Other service costs		(358,477)	(369,121)
Depreciation of property, plant and equipment		(162,027)	(161,424)
Depreciation of right-of-use asset		(793)	(755)
		<hr/>	<hr/>
Gross profit		190,085	148,870
Net decrease in fair value of investment properties		(233,700)	(312,632)
Other income and expenses and gains and losses	7	3,379	3,175
Administrative expenses		(63,847)	(67,430)
– Depreciation		(4,240)	(4,245)
– Others		(59,607)	(63,185)
Finance costs	8	(46,257)	(64,989)
		<hr/>	<hr/>
Loss before taxation	9	(150,340)	(293,006)
Income tax expense	11	(34,067)	(20,394)
		<hr/>	<hr/>
Loss for the year		(184,407)	(313,400)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to:			
Owners of the Company		(104,381)	(166,437)
Non-controlling interests		(80,026)	(146,963)
		<hr/>	<hr/>
		(184,407)	(313,400)
		<hr/> <hr/>	<hr/> <hr/>
		HK cents	HK cents
Loss per share	13		
Basic		(43.17)	(68.84)
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Total Comprehensive Income

For the year ended 31st December, 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(184,407)</u>	<u>(313,400)</u>
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	32	(304)
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	<u>90,654</u>	<u>(29,113)</u>
Other comprehensive income (expense) for the year	<u>90,686</u>	<u>(29,417)</u>
Total comprehensive expense for the year	<u>(93,721)</u>	<u>(342,817)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(69,293)	(177,819)
Non-controlling interests	<u>(24,428)</u>	<u>(164,998)</u>
	<u>(93,721)</u>	<u>(342,817)</u>

Consolidated Statement of Financial Position

At 31st December, 2025

	<i>NOTES</i>	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>14</i>	4,581,934	4,619,901
Right-of-use asset	<i>15</i>	21,842	21,454
Investment properties	<i>16</i>	4,314,280	4,571,490
Equity instruments at FVTOCI	<i>17</i>	771	739
		8,918,827	9,213,584
CURRENT ASSETS			
Inventories		1,369	1,442
Trade and other receivables	<i>18</i>	17,811	15,454
Other deposits and prepayments		15,974	14,926
Bank balances and cash	<i>19</i>	267,713	235,119
		302,867	266,941
CURRENT LIABILITIES			
Trade and other payables and accruals	<i>20</i>	65,695	60,590
Rental and other deposits received		11,173	17,784
Contract liabilities	<i>21</i>	10,709	10,736
Amount due to a fellow subsidiary	<i>28</i>	50,722	47,238
Amount due to a shareholder	<i>28</i>	5,088	7,487
Tax liabilities		9,817	6,280
Bank loans	<i>22</i>	113,200	378,352
		266,404	528,467
NET CURRENT ASSETS (LIABILITIES)		36,463	(261,526)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,955,290	8,952,058

Consolidated Statement of Financial Position (Continued)

At 31st December, 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	23	172,252	172,252
Reserves		<u>3,804,013</u>	<u>3,873,306</u>
Equity attributable to owners of the Company		3,976,265	4,045,558
Non-controlling interests		<u>4,065,225</u>	<u>4,089,653</u>
TOTAL EQUITY		<u>8,041,490</u>	<u>8,135,211</u>
NON-CURRENT LIABILITIES			
Bank loans	22	716,435	626,721
Rental deposits received		15,133	12,216
Deferred tax liabilities	24	<u>182,232</u>	<u>177,910</u>
		<u>913,800</u>	<u>816,847</u>
		<u>8,955,290</u>	<u>8,952,058</u>

The consolidated financial statements on pages 29 to 85 were approved and authorised for issue by the Board of Directors on 20th March, 2026 and are signed on its behalf by:

William CHENG Kai Man
DIRECTOR

Kimmy LAU Kam May
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2025

	Attributable to owners of the Company									Total HK\$'000
	Share capital HK\$'000	Property revaluation reserve HK\$'000 (Note (a))	Securities revaluation reserve HK\$'000 (Note (b))	Foreign currency translation reserve HK\$'000	Own shares held by a subsidiary HK\$'000 (Note (c))	Other reserve HK\$'000 (Note (d))	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1st January, 2024	172,252	23,043	(13,956)	(27,477)	(12,834)	1,017,745	3,064,604	4,223,377	4,254,651	8,478,028
Loss for the year	-	-	-	-	-	-	(166,437)	(166,437)	(146,963)	(313,400)
Exchange differences arising on translation of foreign operations	-	-	-	(11,264)	-	-	-	(11,264)	(17,849)	(29,113)
Fair value loss on investments in equity instruments at FVTOCI	-	-	(118)	-	-	-	-	(118)	(186)	(304)
Total comprehensive expense for the year	-	-	(118)	(11,264)	-	-	(166,437)	(177,819)	(164,998)	(342,817)
At 31st December, 2024	172,252	23,043	(14,074)	(38,741)	(12,834)	1,017,745	2,898,167	4,045,558	4,089,653	8,135,211
Loss for the year	-	-	-	-	-	-	(104,381)	(104,381)	(80,026)	(184,407)
Exchange differences arising on translation of foreign operations	-	-	-	35,076	-	-	-	35,076	55,578	90,654
Fair value gain on investments in equity instruments at FVTOCI	-	-	12	-	-	-	-	12	20	32
Total comprehensive income (expense) for the year	-	-	12	35,076	-	-	(104,381)	(69,293)	(24,428)	(93,721)
At 31st December, 2025	172,252	23,043	(14,062)	(3,665)	(12,834)	1,017,745	2,793,786	3,976,265	4,065,225	8,041,490

Notes:

- (a) The property revaluation reserve is arisen from the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained profits when the relevant properties are disposed of.
- (b) Included in securities revaluation reserve at 31st December, 2025 consists of (i) the Group's share of a decrease in change in value of securities amounting to HK\$12,252,000 for the year ended 31st December, 2001 attributable to the securities held by a former associate, and (ii) the Group's share of the cumulative fair value losses on investments in equity instruments at fair value through other comprehensive income amounting to HK\$1,810,000 (2024: HK\$1,822,000). The associate has become a subsidiary of the Company since 2001.
- (c) The own shares held by a subsidiary represents the carrying amount of shares in the Company held by an entity at the time the entity became a subsidiary of the Company.
- (d) The other reserve was resulted from the acquisition of additional interest or disposal of partial interest in subsidiaries without losing control in previous years.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(150,340)	(293,006)
Adjustments for:		
Interest income from bank deposits	(2,923)	(4,016)
Finance costs	46,257	64,989
Net decrease in fair value of investment properties	233,700	312,632
Loss on disposal of property, plant and equipment	82	1,163
Depreciation of property, plant and equipment	166,267	165,669
Depreciation of right-of-use asset	793	755
Operating cash flows before movements in working capital	293,836	248,186
Decrease in inventories	73	319
(Increase) decrease in trade and other receivables	(2,377)	7,862
Increase in other deposits and prepayments	(1,048)	(2,135)
Increase in trade and other payables and accruals	5,657	6,881
(Decrease) increase in rental and other deposits received	(3,694)	222
(Decrease) increase in contract liabilities and refund liabilities	(27)	1,604
Cash generated from operations	292,420	262,939
Hong Kong Profits Tax paid	(13,860)	(45,327)
Income tax paid in other jurisdictions	(13,440)	(5,086)
NET CASH FROM OPERATING ACTIVITIES	265,120	212,526
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,848)	(21,448)
Proceeds from disposal of property, plant and equipment	–	6
Addition of investment properties	–	(207,000)
Expenditure on investment properties	–	(11,332)
Interest received	2,943	4,580
NET CASH USED IN INVESTING ACTIVITIES	(1,905)	(235,194)
FINANCING ACTIVITIES		
New bank loans raised	80,000	168,000
Repayments of bank loans	(272,686)	(181,215)
Interest paid	(43,301)	(61,602)
Advances from a shareholder	–	2,399
Repayment to a shareholder	(2,399)	–
Repayment to a fellow subsidiary	(24)	(2,653)
NET CASH USED IN FINANCING ACTIVITIES	(238,410)	(75,071)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,805	(97,739)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	235,119	334,709
Effect of foreign exchange rate changes	7,789	(1,851)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	267,713	235,119

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

1. GENERAL INFORMATION

Shun Ho Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The directors of the Company consider the Company’s parent company and ultimate holding company to be Magnificent Assets Holdings Limited (“Magnificent Assets”), an international business company incorporated in the British Virgin Islands (the “BVI”).

The address of the registered office and principal place of business of the Company is 22nd Floor, 633 King’s Road, North Point, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are investment and operation of hotels, property investment and securities investment.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1st January, 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1st January, 2026.

³ Effective for annual periods beginning on or after 1st January, 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and revised amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 21.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment are estimated individually.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income which is derived from the Group’s ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is held for trading.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in “securities revaluation reserve”; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and continues to be held in “securities revaluation reserve”.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, rental and other deposits received, amount due to a fellow subsidiary, amount due to a shareholder and bank loans) are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same tax authority.

Current and deferred tax are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme and other defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgment in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers (the "Valuers"). Fair value of investment properties is derived by income approach. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 16 to the consolidated financial statements. The valuation of investment properties are dependent on those key inputs that involve the management's and Valuer's judgements, including reversionary yield and market rent. A table showing (i) inputs that are not based on observable market data to estimate the fair value of investment properties; and (ii) the relationship of significant unobservable inputs to fair value is disclosed in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

As at 31st December, 2025, the carrying amount of the Group's investment properties is HK\$4,314,280,000 (2024: HK\$4,571,490,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

5. REVENUE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Income from operation of hotels	586,820	556,086
Income from property rental	129,124	127,887
Dividend income	25	—
	<u>715,969</u>	<u>683,973</u>

(i) **Disaggregation of revenue for operation of hotels with the amounts disclosed in the hospitality services segment**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Types of goods or services (time of revenue recognition):		
Room revenue and other ancillary services (recognised over time)	568,423	539,682
Food and beverage (recognised at a point in time)	18,397	16,404
	<u>586,820</u>	<u>556,086</u>
Geographical markets:		
Hong Kong	559,917	532,050
The People's Republic of China ("PRC")	26,903	24,036
	<u>586,820</u>	<u>556,086</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies

Based on the hotel operation pattern, the directors of the Company are of the opinion that the services income from operation of hotels are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

Revenue from room revenue and other ancillary service is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from hotel food and beverage sales is recognised at a point in time when the food and beverage are served.

(iii) Leases

	2025 HK\$'000	2024 HK\$'000
For operating leases:		
Fixed lease payments	<u>129,124</u>	<u>127,887</u>

6. 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 – Ramada Hong Kong Grand View
8. Hospitality services – Wood Street Hotel
9. Hospitality services – Grand Bay View 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for both years:

	Segment revenue		Segment results	
	Year ended		Year ended	
	31st December,		31st December,	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hospitality services	586,820	556,086	64,842	23,811
– Best Western Plus Hotel Kowloon	58,976	53,177	(1,895)	(6,060)
– Best Western Plus Hotel Hong Kong	89,381	86,729	34,162	28,344
– Magnificent International Hotel, Shanghai	26,903	24,036	7,266	5,342
– Best Western Hotel Causeway Bay	54,058	51,706	4,734	1,756
– Ramada Hong Kong Harbour View	93,049	87,540	33,965	26,642
– Ramada Hong Kong Grand	88,549	86,074	9,782	7,255
– Ramada Hong Kong Grand View	79,924	74,871	12,354	6,680
– Grand Bay View Hotel	95,980	91,953	(35,526)	(46,148)
Property investments	129,124	127,887	(108,482)	(187,573)
– 633 King's Road	58,203	64,552	(124,937)	(178,673)
– Shun Ho Tower	13,584	14,416	(31,182)	(41,787)
– Shops, hotel and residential properties	57,337	48,919	47,637	32,887
Securities investment	25	–	25	–
	715,969	683,973	(43,615)	(163,762)
Other income and expenses and gains and losses			3,379	3,175
Administrative expenses			(63,847)	(67,430)
Finance costs			(46,257)	(64,989)
Loss before taxation			(150,340)	(293,006)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by/loss from each segment without allocation of central administration costs, other income and expenses and gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	2025 HK\$'000	2024 HK\$'000
Segment assets		
Hospitality services	4,413,112	4,536,933
– Best Western Plus Hotel Kowloon	251,207	273,896
– Best Western Plus Hotel Hong Kong	298,002	300,739
– Magnificent International Hotel, Shanghai	54,617	54,229
– Best Western Hotel Causeway Bay	248,311	259,495
– Ramada Hong Kong Harbour View	465,685	470,359
– Ramada Hong Kong Grand	519,792	547,699
– Ramada Hong Kong Grand View	846,409	866,917
– Wood Street Hotel	435,987	404,384
– Grand Bay View Hotel	1,293,102	1,359,215
Property investments	4,318,446	4,575,240
– 633 King's Road	2,393,934	2,662,488
– Shun Ho Tower	573,452	617,479
– Shops, hotel and residential properties	1,351,060	1,295,273
Securities investment	771	739
Total segment assets	8,732,329	9,112,912
Unallocated assets	489,365	367,613
Consolidated assets	9,221,694	9,480,525

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	2025 HK\$'000	2024 HK\$'000
Segment liabilities		
Hospitality services	48,686	47,497
– Best Western Plus Hotel Kowloon	5,615	5,881
– Best Western Plus Hotel Hong Kong	5,931	5,839
– Magnificent International Hotel, Shanghai	1,555	1,895
– Best Western Hotel Causeway Bay	6,297	4,935
– Ramada Hong Kong Harbour View	6,084	5,655
– Ramada Hong Kong Grand	7,204	5,812
– Ramada Hong Kong Grand View	5,967	7,002
– Grand Bay View Hotel	10,033	10,478
Property investments	47,110	47,956
– 633 King's Road	24,187	26,750
– Shun Ho Tower	6,263	5,688
– Shops, hotel and residential properties	16,660	15,518
Securities investment	<u>1</u>	<u>1</u>
Total segment liabilities	95,797	95,454
Unallocated liabilities	1,084,407	1,249,860
Consolidated liabilities	<u>1,180,204</u>	<u>1,345,314</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than the Group's head office corporate assets (including certain property, plant and equipment), all bank balances and cash and certain other receivables and deposits; and
- all liabilities are allocated to operating and reportable segments other than the Group's head office corporate liabilities, amount due to a fellow subsidiary, amount due to a shareholder, bank loans, tax liabilities and deferred tax liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Other segment information

	Depreciation of property, plant and equipment and depreciation of right-of-use asset		Decrease in fair value of investment properties		Additions to non-current assets	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Hospitality services	162,820	162,179	–	–	4,407	20,828
– Best Western Plus Hotel Kowloon	22,579	22,049	–	–	174	11,938
– Best Western Plus Hotel Hong Kong	3,892	4,004	–	–	963	1,029
– Magnificent International Hotel, Shanghai	2,841	2,697	–	–	349	674
– Best Western Hotel Causeway Bay	11,304	11,461	–	–	51	186
– Ramada Hong Kong Harbour View	5,962	5,932	–	–	929	524
– Ramada Hong Kong Grand	29,608	29,468	–	–	824	1,974
– Ramada Hong Kong Grand View	20,416	20,353	–	–	119	2,331
– Wood Street Hotel	–	–	–	–	863	1,264
– Grand Bay View Hotel	66,218	66,215	–	–	135	908
Property investments	34	–	233,700	312,632	135	218,332
– 633 King's Road	–	–	180,000	240,800	–	800
– Shun Ho Tower	–	–	44,000	55,800	–	–
– Shops, hotel and residential properties	34	–	9,700	16,032	135	217,532
	162,854	162,179	233,700	312,632	4,542	239,160

Revenue from major services

The following is an analysis of the Group's revenue from its major services:

	2025 HK\$'000	2024 HK\$'000
Room revenue	564,658	534,375
Food and beverage	18,397	16,404
Property rental income	129,124	127,887
Dividend income	25	–
Other hotel ancillary income	3,765	5,307
	715,969	683,973

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong, the PRC and the United Kingdom ("UK").

The following is an analysis of the Group's revenue primarily by geographical markets based on location of assets:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	640,414	618,426
The PRC	26,903	24,036
The UK	48,652	41,511
	<u>715,969</u>	<u>683,973</u>

The following is an analysis of the Group's non-current assets by geographical location of the assets:

	Non-current assets (Note)	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	7,468,735	7,863,062
The PRC	53,229	53,053
The UK	1,396,092	1,296,730
	<u>8,918,056</u>	<u>9,212,845</u>

Note: Non-current assets excluded equity instruments at FVTOCI.

Information about major customers

There were no customers individually contributing over 10% of total revenue for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

7. OTHER INCOME AND EXPENSES AND GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other income and expenses and gains and losses comprise:		
Management fee income for the provision of property management services	15,878	16,240
Management fee expenses for the provision of property management services	(16,493)	(16,771)
Interest income from bank deposits	2,923	4,016
Exchange loss	(5)	(3)
Loss on disposal of property, plant and equipment	(82)	(1,163)
Others	1,158	856
	<u>3,379</u>	<u>3,175</u>

8. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interests on:		
Bank loans	42,749	61,354
Amount due to a fellow subsidiary (note 28)	3,508	3,635
	<u>46,257</u>	<u>64,989</u>

9. LOSS BEFORE TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	2,910	2,910
Staff costs including directors' emoluments	234,677	222,385
Depreciation of property, plant and equipment	166,267	165,669
Depreciation of right-of-use asset	793	755
Direct operating expenses incurred for investment properties that generated rental income during the year	3,906	2,829
	<u>3,906</u>	<u>2,829</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to the Company's directors are as follows:

	Year ended 31st December, 2025				
	Directors' fees <i>HK\$'000</i>	Basic salaries, allowances and benefits-in-kind <i>HK\$'000</i>	Performance related bonus payments <i>HK\$'000</i>	Contributions to retirement benefits schemes <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive Directors					
Mr. William Cheng Kai Man (<i>Note</i>)	–	14,372	2,980	18	17,370
Mr. Albert Hui Wing Ho	–	3,148	459	18	3,625
Madam Kimmy Lau Kam May	–	1,674	116	18	1,808
Madam Ng Yuet Ying	–	1,452	748	18	2,218
Non-executive Director					
Madam Mabel Lui Fung Mei Yee	100	–	–	–	100
Independent Non-executive Directors					
Mr. Chan Kim Fai	221	–	–	–	221
Mr. Lam Kwai Cheung	221	–	–	–	221
Mr. Warren Liu Yuk Cho	221	–	–	–	221
	763	20,646	4,303	72	25,784
Year ended 31st December, 2024					
	Directors' fees <i>HK\$'000</i>	Basic salaries, allowances and benefits-in-kind <i>HK\$'000</i>	Performance related bonus payments <i>HK\$'000</i>	Contributions to retirement benefits schemes <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive Directors					
Mr. William Cheng Kai Man (<i>Note</i>)	–	14,372	2,980	18	17,370
Mr. Albert Hui Wing Ho	–	3,086	450	18	3,554
Madam Kimmy Lau Kam May	–	1,624	113	18	1,755
Madam Ng Yuet Ying	–	1,410	572	18	2,000
Madam Wendy Cheng Wai Kwan	–	167	–	–	167
Non-executive Director					
Madam Mabel Lui Fung Mei Yee	100	–	–	–	100
Independent Non-executive Directors					
Mr. Chan Kim Fai	221	–	–	–	221
Mr. Lam Kwai Cheung	221	–	–	–	221
Mr. Warren Liu Yuk Cho	221	–	–	–	221
	763	20,659	4,115	72	25,609

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

Note:

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and/or the Group.

The Non-executive Director's emoluments shown above were for their services as the directors of the Company and/or its subsidiaries.

The Independent Non-executive Directors' emoluments shown above were for their services as the directors of the Company and its listed subsidiaries.

The emoluments are paid or payable to Mr. William Cheng Kai Man by the following companies:

	2025 HK\$'000	2024 HK\$'000
The Company	90	90
Magnificent Hotel Investments Limited and its subsidiaries	8,524	8,524
Shun Ho Property and its subsidiaries (excluding Magnificent Hotel Group)	8,756	8,756
	<u>17,370</u>	<u>17,370</u>

Mr. William Cheng Kai Man is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No directors waived any emoluments in the years ended 31st December, 2025 and 2024.

The performance related bonus payments payable to the executive directors are determined based on the performance of the individual directors.

During the years ended 31st December, 2025 and 2024, no emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included four (2024: four) directors whose emoluments are included above. The emoluments of the remaining one highest paid employee who is neither a director nor chief executive of the Company, (2024: one individual) is as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, allowances and benefits-in-kind	888	1,122
Performance related bonus payments	123	223
Contributions to retirement benefit scheme	18	18
	<u>1,029</u>	<u>1,363</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments (Continued)

The emoluments were within the following band:

	Number of individual	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>1</u>

11. INCOME TAX EXPENSE

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
The taxation expense comprises:		
Current tax		
Hong Kong	20,066	16,351
The UK	<u>9,349</u>	<u>6,583</u>
	<u>29,415</u>	22,934
Under(over)provision in prior years		
Hong Kong	330	(1,558)
The UK	<u>-</u>	<u>(77)</u>
	<u>330</u>	(1,635)
	29,745	21,299
Deferred tax (note 24)	<u>4,322</u>	<u>(905)</u>
	<u><u>34,067</u></u>	<u><u>20,394</u></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

Under the UK Tax Law, the tax rate of the subsidiary operating in the UK is 25% (2024: 25%).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

11. INCOME TAX EXPENSE (Continued)

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, starting from 1st January, 2008, 10% withholding income tax will be imposed on dividends related to profits earned by the companies established in the PRC in the calendar year 2008 onwards, being declared to their foreign shareholders pursuant to Articles 3 and 6 of the EIT Law, and Article 17 of the Implementation Rules of the EIT Law. Deferred tax liability on the temporary differences attributable to the undistributed profit earned by the Company's PRC subsidiary has been recognised in full and amount of HK\$702,000 (2024: HK\$505,000) were charged to profit or loss.

Income tax expense for the year can be reconciled to loss before taxation as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before taxation	<u>(150,340)</u>	<u>(293,006)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	(24,806)	(48,346)
Tax effect of expenses not deductible for tax purpose	58,047	74,355
Tax effect of income not taxable for tax purpose	(2,187)	(5,250)
Under(over)provision in respect of prior years	330	(1,635)
Tax effect of tax losses not recognised	444	1,383
Utilisation of tax losses previously not recognised	(339)	(808)
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,834	2,397
Others	<u>(1,256)</u>	<u>(1,702)</u>
Income tax expense for the year	<u>34,067</u>	<u>20,394</u>

12. DIVIDEND

No dividend was paid or proposed by the directors for ordinary shareholders of the Company during 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

13. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$104,381,000 (2024: HK\$166,437,000) and on 241,766,000 shares (2024: 241,766,000 shares) in issue during the year. The number of shares adopted in the calculation of the loss per share has been arrived at after eliminating the shares in the Company held by a subsidiary of the Company.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Hotel Properties <i>HK\$'000</i>	Renovation/ construction in progress <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1st January, 2024	174,760	5,236,811	412,253	162,081	36,560	6,022,465
Exchange realignment	(667)	(2,375)	(9,133)	(211)	(7)	(12,393)
Additions	–	–	1,264	18,648	1,536	21,448
Disposals	–	–	–	(14,113)	(455)	(14,568)
At 31st December, 2024	174,093	5,234,436	404,384	166,405	37,634	6,016,952
Exchange realignment	2,243	2,970	30,740	354	8	36,315
Additions	–	–	863	3,982	3	4,848
Disposals	–	–	–	(206)	(221)	(427)
Transfer from investment property (note 16)	89,000	–	–	–	–	89,000
At 31st December, 2025	265,336	5,237,406	435,987	170,535	37,424	6,146,688
DEPRECIATION AND IMPAIRMENT						
At 1st January, 2024	48,355	1,054,299	–	110,574	32,930	1,246,158
Exchange realignment	(13)	(1,228)	–	(130)	(6)	(1,377)
Provided for the year	2,831	147,179	–	14,120	1,539	165,669
Eliminated on disposals	–	–	–	(12,944)	(455)	(13,399)
At 31st December, 2024	51,173	1,200,250	–	111,620	34,008	1,397,051
Exchange realignment	43	1,548	–	183	7	1,781
Provided for the year	2,833	147,249	–	14,691	1,494	166,267
Eliminated on disposals	–	–	–	(205)	(140)	(345)
At 31st December, 2025	54,049	1,349,047	–	126,289	35,369	1,564,754
CARRYING AMOUNTS						
At 31st December, 2025	211,287	3,888,359	435,987	44,246	2,055	4,581,934
At 31st December, 2024	122,920	4,034,186	404,384	54,785	3,626	4,619,901

Note: Leasehold land and buildings are situated on land in Hong Kong.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment (except renovation/construction in progress) are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining term of land lease
Hotel properties and buildings	50 years or over the remaining term of land lease, whichever is shorter
Furniture, fixtures and equipment	4% – 20%
Others	20%

Details of pledged property, plant and equipment are set out in Note 26.

15. RIGHT-OF-USE ASSET

	Leasehold land <i>HK\$'000</i>
As at 31st December, 2025	
Carrying amount	<u><u>21,842</u></u>
As at 31st December, 2024	
Carrying amount	<u><u>21,454</u></u>
For the year ended 31st December, 2025	
Depreciation charge	(793)
Exchange realignment	<u>1,181</u>
	<u><u>388</u></u>
For the year ended 31st December, 2024	
Depreciation charge	(755)
Exchange realignment	<u>(922)</u>
	<u><u>(1,677)</u></u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

15. RIGHT-OF-USE ASSET (Continued)

The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>2,134</u>	<u>2,151</u>
Total cash outflow for leases	<u>2,134</u>	<u>2,151</u>

For both years, the Group leases land and rented equipment for its operation. Lease contracts are entered into for fixed terms from 1 to 50 years.

16. INVESTMENT PROPERTIES

The Group leases out two shops, five residential properties, two investment properties in Hong Kong and one investment property located in UK under operating leases with rentals payable monthly and quarterly. The leases typically run for an initial period of 3 to 23 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
FAIR VALUE		
At the beginning of the year	4,571,490	4,685,260
Exchange realignment	65,490	(19,470)
Net decrease in fair value recognised in profit or loss	(233,700)	(312,632)
Addition	–	218,332
Transfer to property, plant and equipment (<i>note 14</i>)	<u>(89,000)</u>	<u>–</u>
At the end of the year	<u>4,314,280</u>	<u>4,571,490</u>

The fair values of the Group's investment properties as at 31st December, 2025 and 31st December, 2024 have been arrived at on the basis of valuations carried out on that date by both Cushman & Wakefield Limited and Allsop LLP, the Valuers which are not connected with the Group. The valuation reports on these properties are signed by a director of Cushman & Wakefield Limited who is a member of The Hong Kong Institute of Surveyors and a partner of Allsop LLP who is a member of the Royal Institution of Chartered Surveyors, and were arrived at by adopting the income approach as available in the market to assess the market value of the investment properties. During the assessment of the fair values of investment properties, the Valuers and the Directors of the Company have exercised their judgement and are satisfied that the method of valuation and the key inputs, including term yield, reversionary yield and market rent are reflective of the current market conditions. If there are changes in the assumptions used for the valuations, the fair value of the investment properties will change in the future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

16. INVESTMENT PROPERTIES (Continued)

The investment properties of the Group with an aggregate carrying amount of approximately HK\$3,682,210,000 (2024: HK\$3,786,394,000) were rented out under operating leases at the end of the reporting period. The net decrease in fair value of investment properties of HK\$233,700,000 has been recognised directly in profit or loss for the year (2024: HK\$312,632,000).

At 31st December, 2025, investment properties with an aggregate carrying amount of HK\$89,000,000 were transferred to property, plant and equipment as the Group began using these properties for its own operations. The transfer was made at carrying amount in accordance with the Group's accounting policies.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The income approach estimates the values of the properties on an open market basis by capitalising rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised on a fully leased basis. In this approach, the Valuers have considered the term yield and reversionary yield. The term yield is used for capitalisation of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income.

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised in Level 3 based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group	Fair value at 31st December,		Valuation techniques and key inputs	Significant unobservable inputs	Relationship
	2025 HK\$'000	2024 HK\$'000			
Commercial units and residential units in Hong Kong	3,386,800	3,709,500	Income approach based on term yield, reversionary yield and market rent on similar properties	<p>Term yield, taking into account of yield generated from comparable properties to reflect the uncertainty of income secured and to be received, which ranging from 2.20% to 3.75% (2024: 2.10% to 3.75%)</p> <p>Reversionary yield, taking into account of yield generated by market lease over market value on comparables, which ranging from 2.20% to 3.75% (2024: 2.10% to 3.75%)</p> <p>Market rent, taking into account on the market lease comparables, which ranging from HK\$23.50 to HK\$82.12 (2024: HK\$23.64 to HK\$82.12) per square feet</p>	<p>A slight increase in term yield used would result in a slight decrease in fair value, and vice versa.</p> <p>A slight increase in reversionary yield used would result in a significant decrease in fair value, and vice versa.</p> <p>A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.</p>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

16. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group	Fair value at 31st December,		Valuation techniques and key inputs	Significant unobservable inputs	Relationship
	2025 HK\$'000	2024 HK\$'000			
Commercial units in the UK	927,480	861,990	Income approach based on term yield reversionary yield and market rent, on similar properties	Term yield, taking into account of yield generated from comparable properties to reflect the uncertainty of income secured and to be received, which is 5.01% (2024: 5.01%) Reversionary yield, taking into account of yield generated by market lease over market value on comparables, which is 5.19% (2024: 5.08%) Market rent, taking into account on the market lease comparables, which is Pound Sterling ("GBP") 2.99 (2024: GBP 2.99) per square feet	A slight increase in term yield used would result in a significant decrease in fair value, and vice versa. A slight increase in reversionary yield used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.
	<u>4,314,280</u>	<u>4,571,490</u>			

There were no transfers into or out of Level 3 during both years.

As at 31st December, 2025, the Group's investment properties amounted to HK\$3,405,480,000 (2024: HK\$3,614,990,000) have been pledged to secure banking facilities granted to the Group.

17. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Listed:		
Equity securities listed in Hong Kong Stock Exchange	<u>771</u>	<u>739</u>

The fair value of listed equity securities is determined by reference to quoted market bid price from the Hong Kong Stock Exchange.

The Group's non-current equity securities represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

18. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from contracts with customers	10,626	10,088
Lease receivables	2,506	2,250
Other receivables	4,679	3,116
	<u>17,811</u>	<u>15,454</u>

As at 1st January, 2024, trade receivables from contracts with customers amounted to HK\$17,781,000.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Not yet due	12,737	12,139
Overdue:		
0 – 30 days	308	104
31 – 60 days	74	94
61 – 90 days	13	1
	<u>13,132</u>	<u>12,338</u>

As at 31st December, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$395,000 (2024: HK\$199,000) which are past due as at the reporting date.

Details of impairment assessment of trade receivables from contracts with customers, lease receivables, other receivables and other deposits are set out in note 32.

No credit loss allowance has been recognised on the trade and other receivables as the directors of the Company consider that the amount is immaterial.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

19. BANK BALANCES AND CASH

Bank balances carry interest at prevailing deposit interest rates ranging from 0.01% to 3.51% (2024: 0.01% to 5.30%) per annum.

Details of impairment assessment of bank balances are set out in note 32.

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	4,179	5,288
Interest payables	1,495	2,047
Other payables	8,743	3,304
Legal and professional fee payables	4,133	3,931
Rental receipt in advance	11,568	10,716
Accrued staff costs	16,865	17,953
Other accruals	18,712	17,351
	<u>65,695</u>	<u>60,590</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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	4,167	5,281
31 – 60 days	5	6
61 – 90 days	7	1
	<u>4,179</u>	<u>5,288</u>

The credit period on purchase of goods is up to 30 days. The Group has financial risk management policies in place to ensure that all payables are within credit timeframe.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

21. CONTRACT LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Receipt in advance	<u>10,709</u>	<u>10,736</u>

As at 1st January, 2024, contract liabilities amounted to HK\$7,378,000.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from hospitality services recognised during the year ended 31st December, 2025 that was included in the contract liabilities at the beginning of the year was HK\$10,736,000 (2024: HK\$7,378,000).

The Group recognises hospitality services revenue when related performance obligation is satisfied. Contract liabilities represents receipt in advance from hotel guests.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

22. BANK LOANS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Secured bank loans	<u>829,635</u>	<u>1,005,073</u>
The carrying amounts of bank loans are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	33,200	260,352
Within a period of more than one year but not exceeding two years	472,521	33,200
Within a period of more than two years but not exceeding five years	<u>243,914</u>	<u>593,521</u>
	<u>749,635</u>	<u>887,073</u>
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	<u>80,000</u>	<u>118,000</u>
	<u>829,635</u>	<u>1,005,073</u>
Amounts shown under current liabilities	113,200	378,352
Amounts shown under non-current liabilities	<u>716,435</u>	<u>626,721</u>
	<u>829,635</u>	<u>1,005,073</u>

All the Group's bank loans are floating-rate borrowings. The bank loans are secured over certain of the Group's assets as disclosed in note 26. Effective interest rate is 4.66% (2024: 6.05%) per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

23. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Issued and fully paid:		
At 1st January, 2024, 31st December, 2024 and 2025	304,369	172,252

As at 31st December, 2025 and 2024, the Company's 62,603,000 issued shares were held by a subsidiary of the Group. In accordance with the Hong Kong Companies Ordinance, companies within the Group who are shareholders of the Company have no right to vote at meetings of the Company.

24. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax liabilities and asset have been offset. The following are the deferred tax liabilities (asset) recognised and movements thereon during the current and prior reporting periods:

	Business combination HK\$'000	Accelerated tax depreciation HK\$'000	Withholding tax HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st January, 2024	51,743	144,022	3,542	(20,492)	178,815
(Credit) charge to profit or loss	(1,104)	24,099	505	(24,405)	(905)
At 31st December, 2024	50,639	168,121	4,047	(44,897)	177,910
(Credit) charge to profit or loss	(1,104)	(2,209)	702	6,933	4,322
At 31st December, 2025	49,535	165,912	4,749	(37,964)	182,232

At the end of the reporting period, the Group has unused tax losses of HK\$289,405,000 (2024: HK\$330,785,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK\$230,085,000 (2024: HK\$272,103,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$59,320,000 (2024: HK\$58,682,000) due to the unpredictability of future profit streams. All the unrecognised tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

25. OPERATING LEASES ARRANGEMENTS

The Group as lessor

All of the properties held for rental purposes have committed lessees for three months to eighteen years from the end of the reporting period without termination options granted to tenants.

Undiscounted lease payments receivable on leases are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	95,315	103,353
In the second year	83,725	61,598
In the third year	56,371	49,293
In the fourth year	49,584	46,083
In the fifth year	49,584	46,083
After five years	420,224	574,883
	<u>754,803</u>	<u>881,293</u>

26. PLEDGE OF ASSETS

At the end of the reporting period, the bank loan facilities of the Group were secured by the followings:

- (a) investment properties, hotel properties and buildings (included in property, plant and equipment) of the Group with carrying amounts as at 31st December, 2025 of approximately HK\$3,405 million (2024: HK\$3,615 million) and HK\$1,531 million (2024: HK\$1,493 million), respectively;
- (b) pledge of shares in certain subsidiaries of the Company with an aggregate net asset value as at 31st December, 2025 of approximately HK\$3,771 million (2024: HK\$3,831 million);
- (c) assignment of property rental of certain subsidiaries of the Company; and
- (d) assignment of insurance on certain investment properties.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

27. RETIREMENT BENEFIT PLANS

The Group participates the Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs capped at HK\$1,500 (2024: HK\$1,500) per month of each individual employee to the scheme, which contribution is matched by employees.

The employees of the Company's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make the specified contributions.

The contributions paid and payable to the Mandatory Provident Fund Scheme and the state-managed retirement benefit scheme operated by the PRC government by the Group in respect of the year which were charged to profit or loss amounting to HK\$8,864,000 (2024: HK\$7,444,000).

The Group's contribution to the retirement benefit schemes for its employees in Hong Kong and the PRC are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 of the Listing Rules.

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17th June, 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1st May, 2025). Separately, the Government of the HKSAR has introduced a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability and earnings is considered insignificant.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

28. RELATED PARTY TRANSACTIONS/BALANCES

Other than those disclosed in respective notes to the consolidated financial statements, the Group had the following transactions with related parties during the year and balances with related parties at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Transactions during the year:		
Interest expense on amount due to Saola Enterprises Inc. ("Saola") (<i>Note a</i>)	3,508	3,635
Compensation of key management personnel (<i>Note c</i>)	25,784	25,609
Rental income from Mr. William Cheng Kai Man	840	840
	<u> </u>	<u> </u>
Balance as at year end:		
Amount due to Saola (<i>Note a</i>)	50,722	47,238
Amount due to Mr. William Cheng Kai Man (<i>Note b</i>)	5,088	7,487
	<u> </u>	<u> </u>

- (a) The amount due to Saola, a fellow subsidiary, which carried interest at prime rate plus 2% (2024: prime rate plus 2%) per annum was unsecured and repayable on demand.
- (b) The amount due to a shareholder which is non-trade related, unsecured, interest-free and repayable on demand.
- (c) The compensation of key management personnel comprised short-term and post employment benefits attributable to such personnel.

The remuneration of directors which are also the key management personnel of the Group during the year was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Short-term benefits	25,712	25,537
Post-employment benefits	72	72
	<u> </u>	<u> </u>
	<u>25,784</u>	<u>25,609</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investments in subsidiaries	(a)	272,718	256,640
Amounts due from subsidiaries	(b)	235,515	233,059
		508,233	489,699
CURRENT ASSETS			
Other receivables		88	83
Prepayments		159	192
Amount due from a subsidiary	(c)	2,811	3,925
Bank balances and cash		49	136
		3,107	4,336
CURRENT LIABILITIES			
Other payables and accruals		407	413
Amounts due to subsidiaries	(c)	52,808	52,841
		53,215	53,254
NET CURRENT LIABILITIES			
		(50,108)	(48,918)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		458,125	440,781
CAPITAL AND RESERVES			
Share capital		172,252	172,252
Reserves		285,873	268,529
TOTAL EQUITY			
		458,125	440,781

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Notes:

- (a) Investments in subsidiaries are included in the Company's statement of financial position at cost (including deemed capital contribution) less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.
- (b) Amounts due from subsidiaries which are non-trade related, unsecured, interest-free.
- (c) Amounts due from (to) subsidiaries which are non-trade related, unsecured, interest-free and repayable on demand.

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 20th March, 2026 and is signed on its behalf by:

William CHENG Kai Man
DIRECTOR

Kimmy LAU Kam May
DIRECTOR

Movement in the Company's reserves

	Retained profits <i>HK\$'000</i>
At 1st January, 2024	249,124
Profit and total comprehensive income for the year	<u>19,405</u>
At 31st December, 2024	268,529
Profit and total comprehensive income for the year	<u>17,344</u>
At 31st December, 2025	<u><u>285,873</u></u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

All the principal subsidiaries are incorporated and operating principally in Hong Kong except otherwise indicated. None of the subsidiaries had any debt securities outstanding as at 31st December, 2025 or at any time during the year.

Name of subsidiaries	Paid up issued		Proportion of ownership				Principal activities
	ordinary share/registered capital		interest held by the Company				
	Number of shares	Amount	2025		2024		
			Directly %	Indirectly %	Directly %	Indirectly %	
Babenna Limited	2	HK\$20	-	100	-	100	Investment holding
Beautiful Sky Investment Limited	2	HK\$2	-	100	-	100	Hotel investment and operation and investment holding
Boutique Hotel Limited	2	HK\$2	-	100	-	100	Hotel investment and operation
Conradion Limited	3,000,000	HK\$3,000,000	-	100	-	100	Hotel investment and operation
Fastgrow Engineering & Construction Company Limited	2	HK\$2	-	100	-	100	Investment holding
Good Taylor Limited	2	HK\$2	-	100	-	100	Investment holding
Grand Bay View Hotel Limited	2	HK\$2	-	100	-	100	Hotel investment and operation
Grand View Hotel Limited	2,500,000	HK\$2,500,000	-	100	-	100	Hotel management
Harbour Rich Industrial Limited	10,000	HK\$10,000	-	100	-	100	Property investment
Himson Enterprises Limited	2	HK\$2	-	100	-	100	Hotel investment and operation
Houston Venture Limited	2	HK\$2	-	100	-	100	Property investment
King Express Development Limited (Note (iii))	1	HK\$1	-	100	-	100	Property investment
Longham Investment Limited	2	HK\$2	-	100	-	100	Property investment
Lucky Gold Limited	1	HK\$1	-	100	-	100	Property investment
Magnificent Hotel Investments Limited	8,947,051,324	HK\$841,926,731	-	71.09	-	71.09	Investment holding and provision of management services
Magnificent International Hotel Limited	2	HK\$2	-	100	-	100	Hotel investment and operation
Mercury Fast Limited	2	HK\$2	-	100	-	100	Securities dealings and investment holding
More Progress Limited	10,000	HK\$10,000	-	100	-	100	Property investment
Noblesse International Limited (Note (iv))	1	US\$1	-	100	-	100	Property investment
Ocean Time Investments Limited	100,000	HK\$100,000	-	100	-	100	Hotel investment and operation
Omnico Company Inc. (Note (ii))	1	US\$1	100	-	100	-	Investment holding
Pacific Rich International Limited	8	HK\$8	-	100	-	100	Property investment
Postal Power Company Limited ("Postal Power")	1,000	HK\$1,000	-	75	-	75	Property investment

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Paid up issued		Proportion of ownership				Principal activities
	Number of shares	ordinary share/registered capital Amount	interest held by the Company				
			2025		2024		
			Directly %	Indirectly %	Directly %	Indirectly %	
Shanghai Shun Ho (Lands Development) Limited (Note (iv))	1	US\$1	-	100	-	100	Investment holding
上海順豪房地產發展有限公司 Shanghai Shun Ho Property Development Co., Ltd. (Note (i))	Registered capital	US\$4,950,000	-	100	-	100	Hotel investment and operation
Shun Ho Capital Properties Limited (Note (iv))	1	US\$1	-	100	-	100	Investment holding
Shun Ho Property Investments Limited ("Shun Ho Property")	579,753,289	HK\$1,084,887,388	-	66.18	-	66.18	Investment holding
Shun Ho Technology Developments Limited	2	HK\$20	-	100	-	100	Investment holding and financing
Tennyland Limited	2	HK\$20	-	100	-	100	Property investment
Trans-Profit Limited	1,000,000	HK\$1,000,000	-	100	-	100	Property investment
Trillion Resources Limited	5,000,000	HK\$5,000,000	100	-	100	-	Investment holding
United Assets Company Limited	2,000,000	HK\$2,000,000	-	100	-	100	Hotel investment and operation and investment holding
Wood Street Hotel Limited (Note (v))	1	GBP1	-	100	-	100	Property investment

Notes:

- (i) Sino foreign co-operative company established and operating principally in the PRC.
- (ii) Incorporated in the Republic of Liberia.
- (iii) Incorporated in Hong Kong and operating in the UK.
- (iv) Incorporated in the BVI.
- (v) Incorporated and operated in the UK.

The directors are of the opinion that a complete list of the subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affects the results or assets of the Group.

Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Shun Ho Property	Hong Kong	<u>33.82%</u>	<u>33.82%</u>	<u>(80,026)</u>	<u>(146,963)</u>	<u>4,065,225</u>	<u>4,089,653</u>

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Details of a non-wholly owned subsidiary that has material non-controlling interests (Continued)

Shun Ho Property and its subsidiaries (“Shun Ho Property Group”)

	2025 HK\$'000	2024 HK\$'000
Current assets	302,389	266,347
Non-current assets	8,954,510	9,258,032
Current liabilities	(218,089)	(484,744)
Non-current liabilities	(913,800)	(816,847)
Net assets	8,125,010	8,222,788
Non-controlling interests of subsidiaries of Shun Ho Property Group	(1,218,104)	(1,196,376)
Equity attributable to owners of Shun Ho Property Group	<u>6,906,906</u>	<u>7,026,412</u>

Shun Ho Property Group

	2025 HK\$'000	2024 HK\$'000
Revenue and other income and expenses and gains and losses	719,348	687,146
Expenses and net decrease in fair value of investment properties	(899,047)	(995,603)
Loss for the year	<u>(179,699)</u>	<u>(308,457)</u>
Loss attributable to owners of Shun Ho Property Group	(177,742)	(289,919)
Loss attributable to the non-controlling interests of subsidiaries of Shun Ho Property Group	(1,957)	(18,538)
Loss for the year	<u>(179,699)</u>	<u>(308,457)</u>
Other comprehensive income (expense) attributable to owners of Shun Ho Property Group	58,236	(20,467)
Other comprehensive income (expense) attributable to the non-controlling interests of subsidiaries of Shun Ho Property Group	23,685	(8,324)
Other comprehensive income (expense) for the year	<u>81,921</u>	<u>(28,791)</u>
Total comprehensive expense attributable to owners of Shun Ho Property Group	(119,506)	(310,386)
Total comprehensive income (expense) attributable to the non-controlling interests of subsidiaries of Shun Ho Property Group	21,728	(26,862)
Total comprehensive expense for the year	<u>(97,778)</u>	<u>(337,248)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Details of a non-wholly owned subsidiary that has material non-controlling interests (Continued)

Shun Ho Property Group (Continued)

	2025 HK\$'000	2024 HK\$'000
Net cash inflow from operating activities	266,365	213,995
Net cash outflow from investing activities	(1,905)	(235,194)
Net cash outflow from financing activities	(239,567)	(76,447)
Net cash inflow (outflow)	<u>24,893</u>	<u>(97,646)</u>

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which include amount due to a fellow subsidiary and amount due to a shareholder disclosed in note 28, bank loans disclosed in note 22 (net of bank balances and cash) and equity attributable to owners of the Company, comprising issued capital, retained profits and other reserves as disclosed in the consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on the recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, as well as the issue of new debt or the redemption of existing debts.

There are no significant changes on the Group's approach to capital risk management during the year.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
<i>Financial assets</i>		
Amortised cost	293,846	259,255
Equity instruments at FVTOCI	771	739
	<u>294,617</u>	<u>259,994</u>
<i>Financial liabilities</i>		
Amortised cost	<u>921,773</u>	<u>1,100,435</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, lease receivables, other deposits, bank balances and cash, trade and other payables, rental and other deposits received, amount due to a fellow subsidiary, amount due to a shareholder and bank loans. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

(i) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	GBP Assets	
	2025	2024
	HK\$'000	HK\$'000
Bank balance	155	155
Intra-group loans to foreign operations that form part of a net investment	<u>911,794</u>	<u>840,992</u>

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2024: 10%) increase and decrease in HK\$ against GBP. 10% (2024: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2024: 10%) change in foreign currency rate. It excludes items denominated in US\$ held by Group entities with HK\$ as functional currency as the directors consider that the Group exposure to US\$ for such entities is insignificant on the ground that HK\$ is pegged to US\$. A positive number below indicates a decrease in post-tax loss for the year (2024: decrease in post-tax loss) where HK\$ weaken 10% (2024: 10%) against GBP. For a 10% (2024: 10%) strengthening of HK\$ against GBP, there will be an increase in post-tax loss (2024: increase in post-tax loss) for the year as below indicated number.

	GBP 2025	GBP 2024
	HK\$'000	HK\$'000
Profit or loss	16	16
Other comprehensive expense	<u>(91,179)</u>	<u>(84,099)</u>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to bank balances, amount due to a fellow subsidiary and bank loans which are subject to variable rate interest rate. The interest rates and terms of repayment of the bank loans of the Group are disclosed in note 22. The Group has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposures and will consider other necessary action when significant interest rate exposure is anticipated. The Group's interest rate risk is mainly concentrated on the fluctuation of market interest rate on amount due to a fellow subsidiary and bank loans.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments including variable-rate bank loans and amount due to a fellow subsidiary at the end of the reporting period. For variable-rate financial instruments, the analysis is prepared assuming the amount of financial instruments are outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31st December, 2025 would increase/decrease by approximately HK\$212,000 (2024: HK\$197,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate amount due to a fellow subsidiary.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31st December, 2025 would increase/decrease by HK\$3,464,000 (2024: HK\$4,196,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans.

The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the impact due to interest rate fluctuation is not significant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Other price risk

The Group is exposed to equity price risk arising from equity instruments at FVTOCI.

Equity price sensitivity

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date. If the market prices of the respective equity instruments had been 10% (2024: 10%) higher/lower, the other comprehensive income would increase/decrease by HK\$77,000 (2024: HK\$74,000) as a result of the changes in fair value of equity instruments at FVTOCI.

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, lease receivable, other deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with trade receivables is mitigated because they are secured over deposits.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and lease receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
					2025	2024
					HK\$'000	HK\$'000
Financial assets at amortised cost						
Trade receivables from contracts with customers	18	N/A	Low risk	Lifetime ECL	10,626	10,088
Lease receivables	18	N/A	Low risk	Lifetime ECL	2,506	2,250
Other receivables	18	N/A	Low risk	12m ECL	2,557	1,710
Other deposits	N/A	N/A	Low risk	12m ECL	10,446	10,088
Bank balances	19	Baal to A1	N/A	12m ECL	267,333	234,332
					<u>293,468</u>	<u>258,468</u>

Trade receivables from contracts with customers

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits. The Group has no significant concentration of credit risk on trade receivables from contracts with customers, with exposure spread over a number of counterparties and customers.

The Group performs impairment assessment under ECL model on trade balances. The trade receivables from contracts with customers are grouped based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for new customers.

As part of the Group's credit risk management, the Group used an internal credit rating by assigning loss rates to its debtors. The estimated loss rates are based on aging of trade debtors as well as historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

For the years ended 31st December, 2025 and 2024, the Group assessed the balance of ECL for trade receivables were insignificant and thus no loss allowance was recognised.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Credit risk and impairment assessment *(Continued)*

Lease receivables

The Group performs impairment assessment under ECL model on lease receivables. The lease receivables are grouped based on shared credit risk characteristics by reference to repayment histories for recurring tenants and current past due exposure for new tenants.

As part of the Group's credit risk management, the Group used an internal credit rating by assigning loss rate to its tenants. The estimated loss rates are based on aging of tenants as well as historical observed default rates over the expected life of the tenants and are adjusted for forward-looking information that is available without undue cost or effort.

For the years ended 31st December, 2025 and 2024, the Group assessed the ECL for lease receivables were insignificant and thus no loss allowance was recognised.

Other receivables and other deposits

For other receivables and other deposits, the directors of the Company make periodic assessment on the recoverability of other receivables and other deposits based on past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

For the years ended 31st December, 2025 and 2024, the Group assessed the ECL for other receivables and other deposits were insignificant and thus no loss allowance was recognised.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The 12m ECL on bank balances is considered to be insignificant.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31st December, 2025, the Group has available unutilised banking facilities approximately HK\$830,000,000.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflows based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank loans is prepared based on the scheduled repayment dates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(v) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2025							
Non-interest bearing liabilities	-	12,163	5,602	3,430	15,133	36,328	36,328
Bank loans							
– variable interest rate	4.66	85,766	11,452	51,596	752,056	900,870	829,635
Amount due to a fellow subsidiary	7.00	50,722	-	-	-	50,722	50,722
Amount due to a shareholder	-	5,088	-	-	-	5,088	5,088
		<u>153,739</u>	<u>17,054</u>	<u>55,026</u>	<u>767,189</u>	<u>993,008</u>	<u>921,773</u>
2024							
Non-interest bearing liabilities	-	15,062	379	12,980	12,216	40,637	40,637
Bank loans							
– variable interest rate	6.05	125,321	14,259	287,515	687,984	1,115,079	1,005,073
Amount due to a fellow subsidiary	7.80	47,238	-	-	-	47,238	47,238
Amount due to a shareholder	-	7,487	-	-	-	7,487	7,487
		<u>195,108</u>	<u>14,638</u>	<u>300,495</u>	<u>700,200</u>	<u>1,210,441</u>	<u>1,100,435</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(v) Liquidity risk management (Continued)

The table below summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand or less than 1 month” time band in the maturity analysis contained in the table above. Taking into account the Group’s financial position, the directors of the Company do not consider that it is probable that the banks will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments				
	Less than 1 month HK\$’000	1 – 3 months HK\$’000	3 months to 1 year HK\$’000	Total undiscounted cash flows HK\$’000	Carrying amount HK\$’000
2025	<u>267</u>	<u>535</u>	<u>81,310</u>	<u>82,112</u>	<u>80,000</u>
2024	<u>804</u>	<u>1,609</u>	<u>123,311</u>	<u>125,724</u>	<u>118,000</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(c) Fair values of financial instruments

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key inputs used).

Financial assets	2025 HK\$’000	2024 HK\$’000	Fair value hierarchy	Valuation technique and key input
Equity instruments at FVTOCI	<u>771</u>	<u>739</u>	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st December, 2025

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables (included in other payables) <i>HK\$'000</i>	Bank loans <i>HK\$'000</i>	Amount due to a fellow subsidiary <i>HK\$'000</i>	Amount due to a shareholder <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2024	2,295	1,023,419	46,256	5,088	1,077,058
Financing cash inflows	–	168,000	–	2,399	170,399
Financing cash outflows	(61,602)	(181,215)	(2,653)	–	(245,470)
Interest expenses	61,354	–	3,635	–	64,989
Exchange realignment	–	(5,131)	–	–	(5,131)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 2024	2,047	1,005,073	47,238	7,487	1,061,845
Financing cash inflows	–	80,000	–	–	80,000
Financing cash outflows	(43,301)	(272,686)	(24)	(2,399)	(318,410)
Interest expenses	42,749	–	3,508	–	46,257
Exchange realignment	–	17,248	–	–	17,248
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 2025	<u>1,495</u>	<u>829,635</u>	<u>50,722</u>	<u>5,088</u>	<u>886,940</u>

Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31st December,				
	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue	<u>514,409</u>	<u>612,687</u>	<u>606,035</u>	<u>683,973</u>	<u>715,969</u>
Operating profit (loss) and profit (loss) before taxation	108,407	688,444	(16,154)	(293,006)	(150,340)
Income tax expense	<u>(28,770)</u>	<u>(41,227)</u>	<u>(73,040)</u>	<u>(20,394)</u>	<u>(34,067)</u>
Profit (loss) before non-controlling interests	79,637	647,217	(89,194)	(313,400)	(184,407)
Non-controlling interests	<u>(49,224)</u>	<u>(389,196)</u>	<u>44,176</u>	<u>146,963</u>	<u>80,026</u>
Profit (loss) for the year attributable to owners of the Company	<u>30,413</u>	<u>258,021</u>	<u>(45,018)</u>	<u>(166,437)</u>	<u>(104,381)</u>

CONSOLIDATED NET ASSETS

	As at 31st December,				
	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Property, plant and equipment	3,944,647	4,820,202	4,776,307	4,619,901	4,581,934
Right-of-use asset	27,657	24,374	23,131	21,454	21,842
Investment properties	4,787,605	4,732,940	4,685,260	4,571,490	4,314,280
Other non-current assets	6,808	1,728	1,043	739	771
Net current (liabilities) assets	(581,780)	98,447	85,107	(261,526)	36,463
Non-current bank loans	–	(1,001,084)	(891,971)	(626,721)	(716,435)
Non-current rental deposits received	(21,146)	(15,025)	(22,034)	(12,216)	(15,133)
Deferred tax liabilities	(162,126)	(157,638)	(178,815)	(177,910)	(182,232)
Non-controlling interests	<u>(3,965,408)</u>	<u>(4,260,033)</u>	<u>(4,254,651)</u>	<u>(4,089,653)</u>	<u>(4,065,225)</u>
Net assets attributable to owners of the Company	<u>4,036,257</u>	<u>4,243,911</u>	<u>4,223,377</u>	<u>4,045,558</u>	<u>3,976,265</u>

Major Properties

A. HOTEL PROPERTIES

Location	Type of use	Lease term
Ramada Hong Kong Grand View No. 88 Chun Yeung Street North Point, Hong Kong	Hotel	Medium-term lease
Best Western Plus Hotel Hong Kong No. 308 Des Voeux Road West Hong Kong	Hotel	Long lease
Best Western Plus Hotel Kowloon Nos. 73-75 Chatham Road South Tsimshatsui Kowloon, Hong Kong	Hotel	Medium-term lease
Ramada Hong Kong Grand No. 23 Austin Avenue Tsimshatsui Kowloon, Hong Kong	Hotel	Medium-term lease
Best Western Hotel Causeway Bay No. 38 Bowrington Road Causeway Bay Hong Kong	Hotel	Medium-term lease
Ramada Hong Kong Harbour View No. 239 Queen's Road West Hong Kong	Hotel	Long lease
Magnificent International Hotel No. 381 Xizang Road South Shanghai, The PRC	Hotel	Medium-term lease
Grand Bay View Hotel 123 Castle Peak Road, Yau Kom Tau, Tsuen Wan, New Territories, Hong Kong	Hotel	Medium-term lease
Royal Scot Hotel 100 King's Cross Road London, WC1X 9DT England	Hotel	Freehold
No. 37 Wood Street London EC2 England	Hotel	Long lease

Major Properties *(Continued)*

B. PROPERTIES HELD FOR INVESTMENT

Location	Type of use	Lease term
Shun Ho Tower Nos. 24-30 Ice House Street Central, Hong Kong	Commercial	Long lease
No. 633 King's Road North Point, Hong Kong	Commercial	Long lease

