KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 184

ANNUAL REPORT 2024 ANNUAL REPORT 2024

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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Total Assets	5,755,009	5,796,137
Total equity attributable to Equity Shareholders	3,307,131	3,118,380
Issued Share Capital	498,305	498,305
Revenue	1,692,023	1,738,354
Profit Before Taxation	466,616	341,877
Profit Attributable to Equity Shareholders	255,841	219,656
Basic Earnings Per Share (cents)	75.2	64.6
Dividends Attributable to the year (cents per share)	12.0	11.0

CORPORATE INFORMATION

DIRECTORS

HO Kim Swee @ HO Kian Guan – *Executive Chairman*
HO Cheng Chong @ HO Kian Hock
– *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
HO Chung Hui
* HO Eng Chong @ HO Kian Cheong
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela
** YU Hon To David
** Stephen TAN
HO Chung Kain @ HE Chongjing
(Alternate to HO Chung Hui)
* HO Chung Kiat Sydney @ HE Chongjie Sydney
(Alternate to HO Eng Chong @ HO Kian Cheong)

* *Non-executive Director*
** *Independent Non-executive Director*

AUDIT AND COMPLIANCE COMMITTEE

YU Hon To David – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
Stephen TAN

REMUNERATION COMMITTEE

WANG Poey Foon Angela – *Chairlady*
KWOK Chi Shun Arthur
YU Hon To David
Stephen TAN
TSE See Fan Paul

NOMINATION COMMITTEE

KWOK Chi Shun Arthur – *Chairman*
WANG Poey Foon Angela
YU Hon To David
Stephen TAN
TSE See Fan Paul

RISK MANAGEMENT COMMITTEE

Stephen TAN – *Chairman*
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul

AUDITORS

KPMG
(Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE

TRICOR INVESTOR SERVICES LIMITED
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY SECRETARY

CHENG Ka Kit

REGISTERED OFFICE

Room 2902 West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.keckseng.com.hk

CORPORATE INFORMATION (continued)

For the year ended 31 December 2024

Financial Calendar

Closure of registers of members[1]	Wednesday, 28 May 2025 to Monday, 2 June 2025, both days inclusive
Annual General Meeting	Monday, 2 June 2025
Ex-dividend date for final dividend	Friday, 6 June 2025
Closure of registers of members[2]	Tuesday, 10 June 2025 to Friday, 13 June 2025, both days inclusive
Final dividend payable	Thursday, 26 June 2025
Announcement of 2025 interim results	August 2025

Notes:

1. *For ascertaining shareholders' entitlement to attend and vote at the Annual General Meeting*

2. *For ascertaining shareholders' entitlement to the proposed final dividend*

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2024.

RESULTS

The consolidated profit attributable to equity shareholders of the Company for the year 2024 amounted to HK$255,841,000 (HK$0.752 earnings per share), as compared to HK$219,656,000 (HK$0.646 earnings per share) in 2023.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.07 per share (2023: HK$0.08) be paid for the year ended 31 December 2024, subject to equity shareholders' approval of the final dividend at the forthcoming Annual General Meeting of the Company. An interim dividend of HK$0.05 (2023: HK$0.03) per share has already been paid.

Review of Operations

In 2024, the global economy experienced moderate growth despite ongoing challenges. Persistent high interest rates, geopolitical tensions, and regional conflicts disrupted supply chains, leading to rising energy costs and higher operational expenses for businesses. These pressures fueled economic uncertainty, heightened risk profiles across the board, and increased the cost of living. While some economies showed resilience, others faced slowdowns and a higher risk of deflation due to weakened consumer confidence and restrained investment activity. The hospitality industry saw uneven growth, with strong tourism demand in the U.S., Vietnam, and Japan, while China faced challenges from weak domestic consumption, weak international visitor arrivals, and reduced foreign direct investment. Macau's property market has struggled with weak demand for office and commercial space, rising vacancies in these two sectors. Rental income, on the other hand, has remained stable and in certain selected locales have improved against the background of weak investment sentiments. Meanwhile, local consumer spending has shifted to weekend trips in China, further delaying recovery despite robust economic performance of the tourism, gaming and related sectors.

Despite these challenges, the Group delivered satisfactory performance in 2024, though uncertainties persisted.

The Group's revenue for 2024 was HK$1,692.0 million, a slightly decrease of 2.7% as compared to HK$1,738.4 million in 2023. Operating profit for the Group amounted to HK$432.2 million, as compared with HK$362.6 million in 2023.

A summary and analysis of the operations are as follows.

Property Operations

Macau

In 2024, Macau's economy continued its post-pandemic recovery, driven by strong tourism and gaming revenues. GDP grew by 8.8% for the year, reaching 86% of pre-pandemic 2019 levels, supported by a 23.8% year-on-year increase in visitor arrivals, which also recovered to nearly 90% of pre-pandemic 2019 figures, along with higher consumer spending. The unemployment rate remained low at 1.7% for the sixth consecutive quarter, in fact the lowest reported since January 2020, reflecting sufficient income for housing and various other expenditures. However, Macau's property market experienced mixed trends amid a rapidly recovering economy. The residential and serviced apartment sectors saw notable improvements, driven by the return of expatriates post-pandemic. However, the commercial and office markets continued to struggle with weak demand, rising vacancies, and declining rents. These challenges were largely attributed to shifting consumer spending patterns, with more residents opting for weekend trips to China, plus the slow recovery of the local commercial sector, and the government's transition from leasing private office spaces to constructing new government office buildings for its operating departments. While government infrastructure projects and deeper integration with the Greater Bay Area offered long-term growth prospects, short-term economic uncertainties, including subdued investor sentiment and external geopolitical risks, remained challenges.

CHAIRMAN'S STATEMENT (continued)

Amidst varying market conditions, the Group's income from leasing of Macau properties experienced a moderate increase, rising to HK$87.1 million in 2024 from HK$83.1 million in 2023. This growth was driven by higher occupancy rates in residential properties and serviced apartments, supported by the return of expatriates and limited supply suitable of high-end residential units. While office demand declined, the Group's office buildings continued to maintain high occupancy levels over the past three years, demonstrating the high standard and popularity of our Group's office portfolio, as well as its resilience amid market challenges.

A net decrease in fair value of our investment properties of HK$66.7 million (2023: net decrease of HK$12.5 million) was recorded. Our investment properties are held as long-term investments to generate recurring rental income.

In light of continuing improvements in Macau's visitors arrival numbers, satisfactory gaming revenues, an extremely low unemployment rate, as well as the gradual stabilisation of the mainland Chinese economy, and more importantly, the high occupancy rates and improving rental income from the Group's Macau properties, the Group is maintaining its existing strategic sales plan and is well-positioned to proceed with the sale of its Macau assets when market at more enhanced market conditions, while actively monitoring Macau's property market to capture suitable opportunities.

With a positive outlook for Macau on a longer-term basis, the Group believes that ongoing infrastructure developments, such as the expansion of the Macau Light Rapid Transit System—including the newly launched Hengqin Line in December 2024—are enhancing cross-border accessibility. Additionally, the increasing use of the Hong Kong-Zhuhai-Macau Bridge, the new Hengqin immigration facility, and the recently opened Shenzhen-Zhongshan Bridge are further strengthening regional connectivity. Also, the 4th bridge crossing between Macau and Taipa opened in October 2024. At the same time, the Macau government's efforts to diversify the economy, boost tourism, and attract overseas talents are expected to drive steady growth in both residential and commercial property markets. These developments, along with deeper integration with the Guangdong-Hong Kong-Macau Greater Bay Area, will collectively strengthen Macau's economic influence and sustain the long-term growth of its property sector.

Most of the Group's assets in Macau are held by Golden Crown Development Ltd, in which the Group had 70.61% equity interest.

Hotel Operations

	Occupancy		Average Room Rate	
	2024	2023	2024	2023
The People's Republic of China				
Holiday Inn Wuhan Riverside	47%	56%	RMB391	RMB403
Vietnam				
Sheraton Saigon Grand Opera Hotel (formerly known as Sheraton Saigon Hotel & Tower)	80%	76%	USD181	USD172
Caravelle Saigon Hotel	74%	72%	USD151	USD150
Japan				
Best Western Hotel Fino Osaka Shinsaibashi	84%	75%	JPY11,766	JPY9,444
The United States				
W Hotel San Francisco	61%	67%	USD328	USD336
Sofitel New York	85%	77%	USD389	USD389
Canada				
Sheraton Ottawa Hotel*	60%	69%	CAD195	CAD216
Delta Hotels by Marriott Toronto Airport & Conference Centre	73%	70%	CAD179	CAD177

* *Sheraton Ottawa Hotel was disposed of on 29 February 2024, with figures reported up to that date.*

CHAIRMAN'S STATEMENT (continued)

In 2024, the hospitality sector experienced mixed performance across regions. Global travel demand remained strong, driven by the resurgence of corporate events, conferences, and leisure tourism. However, rising operational costs, labor shortages, and evolving consumer spending patterns created challenges, putting pressure on profitability. While some markets saw a robust rebound in international tourism, others continued to struggle with economic uncertainties, shifting travel behaviors, and slower cross-border movement. The industry's overall recovery remained uneven, influenced by varying regional conditions and macroeconomic factors.

In 2024, total revenue for the hotel operations decreased slightly to HK$1,584.1 million, down from HK$1,639.0 million in 2023. This decline was primarily attributed to the strategic disposal of a hotel property in Canada, which reduced the overall revenue base. Additionally, the depreciation of the Vietnamese dong adversely affected both revenue and operating profit in HK dollar term.

Profit from hotel operations increased to HK$350.9 million in 2024, up from HK$239.9 million in 2023, mainly driven by a HK$169.9 million reversal of an impairment loss on a hotel property (2023: HK$58.3 million) and a HK$156.2 million gain from the disposal of a hotel asset in Canada. However, these gains were partially offset by a decline in the share of profit from associates and higher income tax expenses. In addition, the 2023 results included a HK$58.5 million bank loan forgiveness under the United States Government's Paycheck Protection Program. Excluding those non-recurring factors, the underlying performance of hotel operations remained stable.

The People's Republic of China

China's GDP grew by 5.0% in 2024, in line with government target but facing headwinds in industrial output, property markets, and weak consumer spending. The hospitality sector remained under pressure, particularly in secondary cities such as Wuhan, where occupancy and room rates were below expectations. Contributing factors included weak consumer confidence, a slow recovery in international tourism, and an oversupply of hotel rooms. Intense pricing competition further compressed profitability, while economic uncertainties and subdued business travel added to the challenges.

Holiday Inn Wuhan Riverside (Group's interest: 41.26%)

Room revenue of the hotel decreased to RMB20.4 million in 2024 from RMB24.9 million in 2023. The food and beverage revenue also saw a slight decline to RMB9.8 million in 2024 from RMB11.4 million in 2023.

Occupancy rate fell to 46.6% in 2024, down from 55.5% in 2023, while the average room rate declined to RMB391 per room night in 2024, as compared to RMB403 per room night in 2023.

To enhance competitiveness, the hotel renovated four floors of guest rooms in 2024, upgrading facilities to enhance guest experience and service quality. Renovation will continue in the coming years to further modernise accommodations, attract more guests, support higher room rates, and improve occupancy. These will result in a strengthening of the hotel's market positioning, as well as its financial performance amidst a challenging market environment.

Vietnam

Vietnam's economy remained resilient in 2024, achieving a GDP growth of 7.09%, primarily driven by the services as well as other sectors of the economy. Despite challenges including super typhoon Yagi, the country maintained economic stability regardless, with trade playing a crucial role in sustaining growth. A significant trade surplus underscored Vietnam's strong export performance, while inflation remained under control and foreign direct investment continued flowing into manufacturing as businesses continued to adopt a China Plus One approach to manufacturing.

Vietnam's hospitality sector experienced strong growth in 2024, driven by enhanced air connectivity, relaxed visa policies, and strategic tourism promotion. The country welcomed over 17.5 million international visitors, a 39.5% increase from 2023, with arrivals from Oceania and the Americas surpassing pre-pandemic levels, while Asia and Europe also showed strong recovery. However, while the weaker Vietnamese dong supported tourism growth, it pressured profitability, reducing revenue and profit contributions in Hong Kong dollar term. Despite these challenges, government initiatives, infrastructure improvements, and a strong tourism outlook continue to reinforce Vietnam's position as one of the leading travel destinations in Asia. Looking ahead, the country's stable economic trajectory and investment-friendly policies provide a solid foundation for sustained industry growth in 2025.

In 2024, Caravelle Saigon continued its tradition of excellence, winning the Travelers' Choice Award by TripAdvisor for the fourth consecutive year. The hotel also received Best Vietnam City Hotel from Travel + Leisure and DestinAsian, along with the ASEAN Green Hotel Standard, recognising its commitment to hospitality and sustainability. Meanwhile, Sheraton Saigon Grand Opera Hotel was honored with Best Innovation Restaurant of the Year by LUXUO ASIA AWARD for Li Bai Restaurant, and its Human Resources department was recognised for excellence in employee well-being. These accolades reinforce both hotels' reputations as premier destinations in Vietnam.

Sheraton Saigon Grand Opera Hotel (Group's interest: 64.12%)

(formerly known as Sheraton Saigon Hotel & Tower)

Sheraton Saigon Grand Opera Hotel's occupancy rate has increased to 79.6% as compared to 76.3% in 2023. Average room rate was at US$181 per room night in 2024, as compared to US$172 per room night in 2023. The hotel's financial performance in terms of gross operating profit in 2024 was increased by 6% year-on-year.

Caravelle Hotel (Group's interest: 24.99%)

Caravelle Hotel's occupancy rate has slightly increased to 73.6%, as compared to 71.8% in 2023. Average room rate was at US$151 per room night in 2024, as compared to US$150 per room night in 2023.

Japan

Japan's economy faced significant challenges in 2024, with a 2.2% annualised GDP contraction in the first quarter of 2024 due to the Tokyo earthquake that disrupted consumption and exports. However, robust consumer spending, rising wages, and fiscal support drove a gradual recovery in the following quarters, resulting in 0.1% full-year GDP growth. The unemployment rate remained stable at 2.4%, while currency fluctuations and China's economic slowdown pressured exports.

Overall, Japan's hospitality sector saw strong growth in 2024, with a record 36.9 million international visitors, surpassing pre-pandemic levels and marking a 47.1% year-on-year increase. The weakened yen boosted tourism, attracting more travelers, especially Chinese visitors, whose numbers nearly tripled from 2023, supported by improved diplomatic ties and relaxed visa policies. However, labor shortages, rising operational costs, and broader economic uncertainties posed challenges to the industry. Despite these headwinds, the hospitality sector remained a key economic driver throughout the year.

Best Western Hotel Fino Osaka Shinsaibashi (Group's interest: 100%)

Hotel performance continued to strengthen in 2024. With operating profit rising significantly. Occupancy rates increased to 84.0%, up from 75.3% in 2023, while the average room rate reached JPY11,766 per room night in 2024, as compared to JPY9,444 per room night in 2023.

CHAIRMAN'S STATEMENT (continued)

The United States ("US")

The U.S. economy maintained steady growth in 2024, though uncertainties persisted. GDP grew by 2.8%, slightly below the 2.9% recorded in 2023. This expansion was driven by strong consumer spending, increased investment, higher government expenditures, and rising exports and imports. The unemployment rate remained stable at just over 4%, reflecting a resilient labor market. However, economic uncertainty intensified as the administration pursued trade wars, federal workforce reductions, and stricter immigration policies. President Trump's new tariff measures signaled a shift toward protectionism, heightening risks to the 2025 economic outlook for US which threatens the stability of the global trading system.

The hospitality sector experienced steady growth in 2024, driven by domestic travel and corporate events, though high operation costs and labor shortages continued to pressure profitability. While domestic tourism and business travel rebounded, regional performance remained uneven. New York performed well, benefiting from strong international tourism and corporate demand. In contrast, San Francisco faced challenges due to weak business travel, remote work trends, and rising costs. A slowdown in the tech sector and reduced convention activity further dampened hotel demand, while security concerns discouraged both business travelers and tourists. Unlike other major cities, San Francisco has yet to regain its pre-pandemic vibrancy, with declining office occupancy affecting nearby hotels, restaurants, and retail, leading to a slower recovery.

Sofitel New York's service excellence continued to be recognised in 2024. The property received the AAA Four Diamond Award from the American Automobile Association (AAA) and was once again named a Recommended Hotel by Forbes Travel Guide, marking its fourth consecutive year of recognition.

W San Francisco (Group's interest: 100%)

W San Francisco's occupancy decreased to 61.4% in 2024, as compared to 66.5% in 2023. Average room rate was US$328 per room night in 2024, as compared to US$336 per room night in 2023.

Sofitel New York (Group's interest: 100%)

Sofitel New York's occupancy rate increased to 84.6% in 2024, as compared to 76.6% in 2023. Average room rate remained steady at US$389 per room night for both years.

In 2024, operating conditions and the market outlook for Sofitel New York continued to improve, leading to an impairment reversal of HK$169.9 million, following the HK$58.3 million reversal recorded in 2023.

Sofitel New York has commenced renovations to upgrade guest rooms and other facilities, aiming to enhance competitiveness and elevate service standards. The project is scheduled for completion by 30 June 2026.

Canada

In 2024, Canada's real GDP grew by 1.6%, marking its fourth consecutive year of economic expansion, though at a slower pace than previous years. Growth was supported by consumer spending, business investments, and exports, but economic momentum weakened. The unemployment rate increased to 6.7% in December 2024, up from 5.8% a year earlier, indicating a softening labor market amid slower economic growth and business adjustments. Economic uncertainty intensified, driven by global trade tensions, rising interest rates, and declining business confidence. Additionally, new U.S. tariff measures and protectionist policies created further risks to Canada's export-driven economy, adding challenges to the 2025 outlook. A potential trade war between Canada and China is likely to accentuate the risk profile for the Canadian economy.

Despite facing such challenges, Canada's hospitality sector experienced steady growth in 2024, supported by domestic tourism, business travel, and major events.

The Sheraton Ottawa Hotel

In February 2024, the Group disposed of its 85% interest in the Sheraton Ottawa Hotel. This disposal resulted in a profit before taxation attributable to the Group of HK$156.2 million.

Delta Hotels by Marriott Toronto Airport & Conference Centre (Group's interest: 25%)

Occupancy rate of Delta Hotels by Marriott Toronto Airport & Conference Centre increased to 72.8% in 2024 as compared to 69.7% in 2023. Average room rate was C$179 per room night in 2024 as compared to C$177 per room night in 2023.

Other net losses/gains

Net exchange losses for 2024 amounted to HK$16.0 million, as compared net exchange gains of HK$5.6 million in 2023.

Net unrealised losses on derivative financial instruments amounted to HK$6.4 million in 2024, as compared to HK$4.9 million in 2023.

Net unrealised losses on other non-current financial assets amount to HK$1.9 million recognised in 2024, as compared to gains of HK$12.8 million in 2023. These were mainly related to our investment in A2I Holdings S.A.R.L., which owns 6.52% (2023: 6.75%) equity shares of AccorInvest Group S.A..

Net unrealised losses on trading securities for 2024 amounted to HK$1.8 million, as compared to HK$1.6 million in 2023.

Loans forgiveness & government grants

In 2023, the Group received loans forgiveness of HK$58.5 million under the Paycheck Protection Program administered by the United States Government. No such loan forgiveness was recorded in 2024.

PROSPECTS

Looking ahead to 2025, the global economy has to navigate a mix of growth opportunities and rising challenges. While inflationary pressures are expected to fluctuate resulting from tariffs and other cost factors, uncertainties in respect of the direction of interest rates in the US and its effect across all economies could stymie investments and consumer spending. Continuing geopolitical tensions, trade uncertainties, and an escalating trade war may pose additional risks to economic stability. In particular, the ongoing trade war conflict between the U.S. and its key trading partners is likely to disrupt global supply chains and dampen investor confidence. China's economy faces headwinds from weak domestic demand and the continuing difficulties facing the property sector, while the U.S. contends with high interest rates and protectionist trade policies. The cumulation of these developments could negatively impact consumer and business activity in a significant manner. These challenges, alongside global trade uncertainties, point to a more cautious economic and business outlook for 2025.

Macau's property market continues to face challenges, particularly in the commercial and office sectors, where weak demand and declining rental yields persist. The relocation of government departments to government-owned premises has further increased vacancy rates, placing additional downward pressure on rental prices. In the residential market, the government's removal of property cooling measures, including the abolition of additional stamp duties and relaxed loan-to-value ratios, has yet to drive a significant market recovery. However, infrastructure developments, a rebound in tourism, and limited new supply in the luxury segment may help stablise demand and support pricing. While the long-term outlook remains positive, market conditions will continue to be influenced by inflation, interest rates, and China's economic recovery. To navigate these challenges, the Group remains focused on enhancing occupancy rates and tenant retention through competitive leasing strategies to mitigate risks and capture opportunities. Again, the premier standard of the Group's residential portfolio has ensured high occupancy rates and a satisfactory rental income stream.

The hospitality industry is expected to continue its recovery, benefiting from strong inbound tourism and major events. However, rising operating costs, labor shortages, and intensifying competition could pose challenges. The pace of recovery will vary across regions, with markets heavily reliant on international and domestic visitors; those facing economic headwinds will recover more gradually. Despite these disparities, the overall outlook remains cautiously optimistic as global conditions continue to improve. The Group remains committed to enhancing operational efficiency and investing in ongoing hotel renovations to strengthen competitiveness and drive long-term profitability amid market uncertainties.

The Group maintains a robust financial position with HK$1,523.7 million in cash, bank balances, and short-term bank deposits as of 31 December 2024. We will focus on reviewing potential investments that create long-term value for shareholders on a sustainable basis. Our approach to acquisitions remains disciplined and pragmatic, targeting industries and regions where we have experience and comparative advantages.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere gratitude and appreciation to the management and staff of the Group for their dedication, tireless efforts, and unwavering commitment. Their team spirit and pursuit of excellence have been instrumental in maintaining the Group's resilience and strengthening our overall capabilities amidst challenges. In particular, we recognize and appreciate the staff involved in the hotel renovation projects, whose dedication and commitment have been crucial in ensuring the timely completion and high standards of these projects, enhancing the Group's competitiveness and long-term growth.

We also express our gratitude to our Board of Directors for their strategic leadership and guidance, as well as to our shareholders for their continued trust and support.

Additionally, we extend our sincere appreciation to the independent non-executive directors for their invaluable advice and oversight. Their expertise and contributions have played a vital role in ensuring strong corporate governance and sustainable growth for the Group, and we are deeply grateful for their ongoing support.

Ho Kian Guan
Executive Chairman

Hong Kong, 24 March 2025

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") are hotel and club operations, property investment and development and the provision of management services.

The principal activities of the Company are investment holding and those of its subsidiaries are set out in Note 12 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 10 to the financial statements.

BUSINESS REVIEW AND PERFORMANCE

Further discussion and analysis of the Group's principal activities and business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group, indication of likely future developments in the Group's business, analysis of the Group's performance during the year and the material factors underlying its results and financial position, can be found in "Chairman's Statement", "Other Corporate Information" and "Corporate Governance Report" as set out on pages 4 to 10, 23 to 24 and 28 to 45 respectively, of this Annual Report. The environmental and social matters of the Group for the year ended 31 December 2024 is set out in the Company's Environmental, Social and Governance ("ESG") Report 2024, which is available on the Stock Exchange's website and Company's website. This discussion forms part of this "Report of the Directors".

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

ESG Governance

Sustainability and environmental conservation are important issues for our customers, suppliers, shareholders, employees and governments of respective countries, and the general public. The Group commits to the long-term sustainability of its businesses and communities where our stakeholders work and reside. We aim to do businesses fairly, ethically and in accordance with local laws that promote and safeguard fair competition between businesses. We seek to work with contractors and suppliers that behave in an economical, environmentally friendly and socially responsible manner.

The Group acknowledges sustainable development is crucial for its long-term success and considers that there is a close linkage between its ESG strategy and business operations. Our hotels strictly follow their hotel chains' sustainability goals and targets which consist of reduction of environmental impact, community and employee development, and human rights initiatives. ESG strategy and policies facilitate the Group's understanding of its exposure to emerging environmental and social risks, and its linkage to new commercial opportunities.

ESG governance structure

ESG reporting is the process by which the Group gathers data to monitor, control, and manage its environmental performance and social responsibilities. To review the Group's ESG performance, reporting is a regular agenda item in the Audit and Compliance Committee meeting and the Board meeting. The Board has overall responsibility to evaluate and manage material ESG issues identified, and as well as the progress on ESG issues for ensuring that appropriate and effective ESG risk management and internal control systems are in place. The local management of each major reporting entity is accountable for ESG management of the business units, with the scope as well as roles and responsibilities of ESG management being well defined in each entity.

Environment

The Group maintains a global perspective on managing our emissions, minimizing consumption of fresh water and energy. The local management of each major reporting entity is accountable to ESG management, performance and reporting. The Group (including its subsidiaries and associates) has complied with all environmental regulations and internal policies related to environmental responsibility. The Group aims to improve our performance continually in line with best practices, and to be prepared to respond to future challenges and opportunities on sustainable development.

The Group understands that the intensifying situation of climate change poses potential risks to our business and hence we must put resilience at our operations, be well-prepared and be vigilant to the potential damages. Such risks include physical and transition. In response to these, the Group has established a risk management system and procedures to monitor, manage and control climate change impacts. Particular measures include the preparation of disaster recovery plans to handle unexpected emergencies etc. The Group is aware that electricity is the major contributor of its energy usage. Thus, the Group had taken a proactive approach to implement energy-saving initiatives for both on-site operation and site offices of the Properties, from using low- impact LED lighting devices to switching off idling lightings and electrical appliances.

Our hotels actively participate in environment-friendly initiatives organized by their respective hotel chains. We aim to minimize emissions, waste production and use of resources.

Emission

In alignment with our commitment to environmental stewardship, the hotels we invested adheres strictly to the local pertinent air quality and greenhouse gas (GHG) emission regulations. We are dedicated to our emission reduction goal which is minimizing emissions in our daily hotel operations. To achieve our goals, we've implemented centralized laundry systems to reduce operational times and emissions, upgraded boilers to more efficient steam generators, introduced electronic shuttle buses, installed air curtains in main kitchen areas to conserve air conditioning, and expanded our use of solar energy by installing additional panels on hotel and grand tower rooftops.

Waste

In terms of wastes, all of our properties have been making their best efforts to reduce waste production and recycle as much waste as possible. The waste reduction measures include but not limited to:

- Engaging qualified waste management company for actual handling of wastes and disposal matters that is complying with applicable laws;
- Regularly and systematically collecting non-hazardous waste and hazardous waste;
- Asking the suppliers to recall the chemical barrels, ink cartridge; and
- Separating hazardous and non-hazardous wastes

Whilst waste-reduction efforts are made through recycling, wastes that cannot be recycled would either go to landfills (for non-hazardous waste) or be specially handled by third party contractors (for hazardous waste).

Use of Resource

Our property management and hotel operations produce wastes such as food scraps, oil and cleaning chemical disposals. In addition, a significant amount of water, electricity, diesel and gas need to be utilized for daily operations. The Group commits to put our best effort on achieving our resources saving goal, maximizing the efficiency of water and energy usage.

Continuous efforts have been made in three major categories (Waste recycling, Energy and water saving and Donation of unused materials or linens) by our properties to minimize our operations' impact on the environment and natural resources, therefore we are pleased to state that the Group is not aware of any significant impact on natural resources as a result of our operations.

Customers

The Group maintain mutually beneficial relationship with the customers and strive to provide quality service. The Group's properties mainly provide property management, property sale and leasing, hotel room accommodation and food and beverage services.

The Group puts customers at the heart of our business. Product and service-related complaints from customers are replied and followed up promptly. Our management and staffs also ensure that such complaints are resolved in a satisfactory manner.

Our property management business in Macau (Ocean Gardens) is ISO9001:2015 certified. In order to achieve this accreditation, we are required to demonstrate our ability to provide services that meet customer needs and applicable regulatory requirements. Our hotel properties have stringent quality assurance procedures in place to ensure service provided is in accordance with international hotel chain requirements.

Suppliers

Suppliers and contractors are selected based on work quality, stock delivery manner, cooperation and price. The Group seeks to work with contractors and suppliers that behave in an economical, environmentally friendly and socially responsible manner.

Where possible, the Group purchases environmentally friendly products from qualified vendors to reduce the negative effects on the environment.

Employee

The Group treasures talent as it is the foundation of the Company's business growth and key for driving success and maintaining sustainable development. Since the Company invests in properties across the globe, we embrace workplace diversity in order to bring in the best talents, provide broader range of services, better cater to our customers' needs, and enable our employees to perform to their highest ability.

We also believe attracting and retaining loyal employees in the respective geographical areas of operations is key to our success. Salary and remuneration are competitive and are based on varying conditions in different countries in which the Company and its subsidiaries operate. Discretionary bonus is paid out according to the performance of the employees and the policies of the company. To help our employees develop their careers, employees with exceptional performance and the required experience are considered for promotion when such opportunities are available. We are also an equal opportunity employer and aim to provide a work environment that is respectful, challenging, rewarding and safe. We have policies covering training and development, labour practices, human rights and workplace health and safety. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. There are over 90% of our employees are locally employed. We pursue the highest standards of integrity and honesty from every employee in every process.

Community Investment

Social sustainability and community investments are essential to our responsible operation and are valued in our communities. The Group conducts business with honesty, integrity and respect for all people and communities, especially towards our employees. Dialogue between management and employees is integral to our work practices and takes place daily and directly in the respective local cultural environments.

Compliance with relevant Laws and Regulations

The Group's principal activities are property investment and development. Other activities include hotel operations, building management and club operations. Operations are carried out mainly in Macau, Vietnam, the People's Republic of China, Canada, United States and Hong Kong. The law and regulation relating to the Group's operations include but not limited to the following:

Issues of Concern	Major laws or regulations
Environment and Emission	• the Basic Environment Impact Assessment Law of Japan; • the Japan Air Pollution Control Law; • the Environmental Protection Law of the People's Republic of China; • the Air Pollution Prevention and Control Law of the People's Republic of China; and • Vietnam's Law on Economical & Efficient Use of Energy, and regulations on hazardous waste management
Labour & Workplace Safety	• Macau Labor Law and Regulations; • Regulations of Hubei Province Concerning the Labor Protection of Female Staff and Workers (湖北省女職工勞動保護條例); and • Hubei Province Labor and Social Security Supervision Regulations（湖北省勞動與社會保障監察條例） • Decree No. 136/2020/ND-CP guiding the Law on Fire Prevention and Fighting of Vietnam; • Hubei Work Safety Regulations (湖北安全生產條例); • Law No. 84/2015/QH13 on Occupational Safety and Hygiene; • Vietnam Labor Code 2019; • Hubei Province Labor Contract Regulations (湖北省勞動契約規定); and • Occupational Health and Safety Act (OHSA);
Product Responsibility	• Vietnam Food Safety Law 2010 No: 55/2010/QH12 • Trademark Law of the People's Republic of China • China Tourism Hotel Industry Standards • The Personal Information Protection and Electronic Documents Act (PIPEDA)
Anti-Corruption	• Law on Anti-Corruption No. 36/2018/QH14; • Corruption of Foreign Public Officials Act 1998; and • Macau CCAC Anti-corruption laws

There is an adequate measurement and monitoring system employed to implement ESG strategy which indicates that the business operations have complied with the requirements of local laws & regulations (if required) and relevant hotel brands' rules & regulations on an ongoing process. During the year, there was no reported incident of non-compliance with the relevant laws and regulations that have a significant impact on Group's business.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024:

(i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

(ii) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

FINANCIAL STATEMENTS

The profit or loss of the Group for the year ended 31 December 2024 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 53 to 130.

TRANSFER TO RESERVES

Profit attributable to equity shareholders, before dividends, of HK$255,841,000 (2023: HK$219,656,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 24 to the financial statements.

DIVIDEND

An interim dividend of HK$0.05 per share (2023: HK$0.03) was paid on 31 October 2024. The Board now recommend the payment of final dividend of HK$0.07 per share (2023: HK$0.08 per share) in respect of the year ended 31 December 2024.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$1,189,356 (2023: HK$294,947).

DIRECTORS

The Directors during the financial year and up to the date of this report are:

Executive Directors

HO Kim Swee @ HO Kian Guan *(Executive Chairman)*
HO Cheng Chong @ HO Kian Hock *(Deputy Executive Chairman)*
TSE See Fan Paul
CHAN Lui Ming Ivan
HO Chung Hui
HO Chung Kain @ HE Chongjing *(Alternate to HO Chung Hui)*

Non-executive Directors

HO Eng Chong @ HO Kian Cheong
HO Chung Kiat Sydney @ HE Chongjie Sydney *(Alternate to HO Eng Chong @ HO Kian Cheong)*

Independent Non-executive Directors

KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David
Stephen TAN

Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. YU Hon To David, and Mr. Stephen TAN will retire as Directors in accordance with Article 116 of the Articles of Association and being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. YU, who has been serving as Independent Non-executive Director of the Company for more than 9 years, has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules. On the recommendation of the nomination committee, the Board form the view that the retiring Independent Non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules.

The Company has not entered into service contracts with any of the above Directors. However, the Company has entered into a letter of appointment as Director with each of the above Directors.

The Non-executive Directors are not appointed for a fixed period of term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with Company 's Articles of Association.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS OF SUBSIDIARIES

The names of directors who have served on the boards of the subsidiaries of the Company the year and up to the date of the report are set below:

(In alphabetical order)

CHAN Lui Ming Ivan
HO Chung Hui
HO Chung Kain
HO Chung Tao*
HO Kian Guan
HO Kian Hock
HO Pansy Catilina Chiu King
HOANG Hai Dang
KWOK Chi Shun Arthur
KWOK Wing Yee Sean Zee
LEE Hwee Leng
LEE Sek Yean
NG Sing Beng
NGUYEN Dinh Phu
PENG Xing Wang
Satoshi KISHIMOTO
SITOU Tek Lam Johnny
TSE See Fan Paul
TSE Yee Ming*
Wolfgang Bernd BOETTCHER

* *ceased to be a director of the Group's subsidiaries on or before 24 March 2025*

CONNECTED TRANSACTIONS

During the year under review, the Group had not entered into any connected transactions which are not exempt from the annual reporting requirement under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year under review in the ordinary course of business are set out in Note 28 to the financial statements. Such related party transactions are all exempt connected transactions under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The Directors of the Company who held office as at 31 December 2024 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests[1]	Corporate/ Other Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	HO Kian Guan	496,480	198,084,320[2]	198,580,800	58.37
	HO Kian Hock	20,480	198,084,320[2]	198,104,800	58.23
	HO Kian Cheong	55,160,480	–	55,160,480	16.21
	TSE See Fan Paul	288,720	–	288,720	0.08
	Stephen TAN	–	900,000[3]	900,000	0.26
Lam Ho Investments Pte Ltd	HO Kian Guan	–	32,410,774[4]	32,410,774	99.70
	HO Kian Hock	–	32,410,774[4]	32,410,774	99.70
	HO Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Limited	HO Kian Guan	–	83,052[5]	83,052	83.05
	HO Kian Hock	–	83,052[5]	83,052	83.05
	HO Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Company Limited – paid in registered capital in US$	HO Kian Guan	–	13,163,880[6]	13,163,880	80.76
	HO Kian Hock	–	13,163,880[6]	13,163,880	80.76
	HO Kian Cheong	1,017,120	–	1,017,120	6.24
	KWOK Chi Shun Arthur	–	489,000[7]	489,000	3.00
Golden Crown Development Limited – common shares	HO Kian Guan	–	56,675,000[8]	56,675,000	80.96
	HO Kian Hock	–	56,675,000[8]	56,675,000	80.96
	HO Kian Cheong	1,755,000	–	1,755,000	2.51
	TSE See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Company Limited	HO Kian Guan	–	1,000,000[9]	1,000,000	100.00
	HO Kian Hock	–	1,000,000[9]	1,000,000	100.00
Shun Cheong International Limited	HO Kian Guan	–	4,305[10]	4,305	43.05
	HO Kian Hock	–	4,305[10]	4,305	43.05
	HO Kian Cheong	195	–	195	1.95
	KWOK Chi Shun Arthur	–	5,500[11]	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	HO Kian Guan	–	31,705,000[12]	31,705,000	100.00
	HO Kian Hock	–	31,705,000[12]	31,705,000	100.00
KSF Enterprises Sdn Bhd – Redeemable Convertible Preference	HO Kian Guan	–	24,000,000[13]	24,000,000	100.00
	HO Kian Hock	–	24,000,000[13]	24,000,000	100.00
Chateau Ottawa Hotel Inc. – common shares	HO Kian Guan	–	9,000,000[14]	9,000,000	100.00
	HO Kian Hock	–	9,000,000[14]	9,000,000	100.00

Notes:

(1) This represents interests held by the relevant Directors as beneficial owners.

(2) This represents 101,437,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited. Both companies are subsidiaries of KS Ocean Inc., the controlling shareholder of the Company, in which each of HO Kian Guan and HO Kian Hock had 1/3 interest in its ordinary share and preference share, respectively.

(3) This represents 180,000 shares held by Stephen Tan as one of the joint executors/administrators of the estate of Chan Yau Hing, Robin and 720,000 shares held by United Asia Enterprises Inc which is controlled corporation of Stephen Tan.

(4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(6) This represents US$8,965,000 (55%) indirectly contributed by the Company and US$4,198,880 (25.76%) contributed by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(7) This represents interests held by AKAA Project Management International Limited which was wholly owned by KWOK Chi Shun Arthur.

(8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(9) This represents 1 quota of Ptc999,000 (99.9%) indirectly held by the Company and 1 quota of Ptc1,000 (0.1%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(11) This represents interests held by Ample Star Enterprise Limited, in which KWOK Chi Shun Arthur had a controlling interest.

(12) This represents 7,926,250 ordinary shares (25%) directly held by the Company, 7,926,249 ordinary shares (25%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 15,852,501 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of HO Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(13) This represents 6,000,000 Redeemable Convertible Preference Shares (25%) directly held by the Company, 6,000,000 Redeemable Convertible Preference Shares (25%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 12,000,000 Redeemable Convertible Preference Shares (50%) held by Keck Seng (Malaysia) Bhd in which each of HO Kian Guan and HO Kian Hock was a substantial shareholder and a director.

(14) This represents 7,650,000 common shares (85%) indirectly held by the Company; 1,350,000 common shares (15%) held by KSC Enterprises Ltd. in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

Save as mentioned above, as at 31 December 2024, none of the Directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2024, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	Capacity in which shares were held	Number of ordinary shares held	% of total issued share capital of the Company
KS Ocean Inc. (Note 1, 2)	Interests of controlled corporations	198,084,320	58.23
Pad Inc. (Note 1)	Interests of controlled corporations	96,646,960	28.41
Lapford Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 1)	Interests of controlled corporations	96,646,960	28.41
Kansas Holdings Limited (Note 2)	Beneficial owner	101,437,360	29.82
Goodland Limited (Note 1)	Beneficial owner	96,646,960	28.41

Notes:

(1) KS Ocean Inc., Pad Inc., Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.

(2) KS Ocean Inc. had deemed interests in the same 101,437,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, as at 31 December 2024, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year, there existed the following arrangements:

(1) Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.

(2) Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

Messrs. HO Kian Guan and HO Kian Hock were interested in the above arrangements as they were directors and had 1/3 interest of Goodland indirectly.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed, if any, in the section entitled "Connected Transactions", "Related Party Transactions" and "Management Arrangements", no transactions, arrangements or contracts of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors had any interests in certain businesses (apart from the business of the Company or its subsidiaries) which competes or is likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year, which would require disclosure under Rule 8.10(2) of the Listing Rules.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The updated biographical details of Directors and senior management are set out in the section headed "Profiles of Directors" in this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2024 are set out in Note 19, Note 22 and Note 28 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules.

REPORT OF THE DIRECTORS (continued)

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 130 of the Annual Report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 131 to 132 of the Annual Report.

PERSONNEL AND RETIREMENT SCHEMES

At 31 December 2024, the Group had approximately 1,830 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

All the directors' fees payable to the Directors were in respect of their services as directors of the Company and/or its subsidiary undertakings, and all the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the Executive Directors were in respect of their services in connection with the management of the affairs of the Company and/or its subsidiary undertakings.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

HO Kian Guan
Executive Chairman

Hong Kong, 24 March 2025

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's revenue was HK$1,692.0 million for the year ended 31 December 2024, representing a slight 2.7% decline compared to 2023. This decline was mainly due to the strategic disposal of a hotel property in Canada, which lowered the revenue base, along with the adverse impact of the Vietnamese dong's depreciation.

The Group's operating profit was HK$432.2 million for the year ended 31 December 2024, which includes a reversal of an impairment loss on a hotel property of HK$169.9 million and gains on disposal of hotel assets, which amounted to HK$156.2 million, as compared to HK$362.6 million in 2023.

Profit attributable to equity shareholders amounted to HK$255.8 million as compared to the HK$219.7 million in 2023.

FINANCIAL RATIO

The gearing ratio (defined as the percentage of bank loans over total assets) of the Group was 21.0% (2023: 23.7%), while the total liabilities as a percentage of total assets was 33.0% (2023: 35.5%).

KEY PERFORMANCE INDICATORS ("KPIs")

The Group sets a number of KPIs to support the delivery of its strategies with its performance as below:

Operational KPIs:

				2024		2023	
Operation and investment	**Country**	**Star rated**	**Currency**	Occupancy Rate	ARR	Occupancy Rate	ARR
Sofitel New York	USA	5	USD	85%	389	77%	389
W San Francisco	USA	5	USD	61%	328	67%	336
Sheraton Saigon Grand Opera Hotel (formerly known as Sheraton Saigon Hotel & Tower)	Vietnam	5	USD	80%	181	76%	172
Caravelle Hotel	Vietnam	5	USD	74%	151	72%	150
Sheraton Ottawa Hotel*	Canada	4	CAD	60%	195	69%	216
Delta Hotels by Marriott Toronto Airport & Conference Centre	Canada	4	CAD	73%	179	70%	177
Holiday Inn Wuhan Riverside	PRC	4	RMB	47%	391	56%	403
Best Western Hotel Fino Osaka Shinsaibashi	Japan	3	YEN	84%	11,766	75%	9,444

* *Sheraton Ottawa Hotel was disposed of on 29 February 2024, with data reported up to that date*

- *Occupancy Rate (Total number of Rooms Nights booked relative to Total number of Available Rooms Nights for Guests over the year)*
- *Average Room Rate (Total Room Revenue divided by Total Room Nights Occupied)*

Financial KPIs:

Strategy	KPIs	Calculation basis
To maintain a healthy liquidity ratio	Bank loan to Total assets ratio = 21.0% (2023: 23.7%)	Percentage of Total bank loans relative to the Total assets as at the respective year end
	Leverage ratio = 33.0% (2023:35.5%)	Percentage of Total liabilities relative to the Total assets as at the respective year end
To maintain a healthy cash flow	Times interest covered by Profits = 4 (2023: 3)	Ratio of Profit for the year to Finance costs
	Times interest covered by Deposits and cash = 17 (2023: 15)	Ratio of Deposits and cash (including pledged deposits) to Finance costs

PLEDGE OF ASSETS

As at 31 December 2024, hotel properties including land, and certain properties held for sale with an aggregate value of HK$2,120.7 million (2023: HK$1,899.6 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2024, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK$8.3 million (2023: HK$8.3 million).

As at 31 December 2024, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group has not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROFILES OF DIRECTORS

Mr. HO Kian Guan, aged 79, is the Executive Chairman of the Company and director/chairman/president of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")). Mr. Ho is also an independent Director and the chairman of the board of directors of Parkway Trust Management Limited, which is acting as manager of Parkway Life Real Estate Investment Trust which its units are trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr. Ho holds a Bachelor of Business Administration and Commerce. He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is brother of Mr. HO Kian Hock and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Hock, aged 77, is the Deputy Executive Chairman of the Company and director/vice chairman of various companies of the Group. He was appointed as a Director of the Company on 19 December 1979. Mr. Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr. HO Chung Kain and Mr. HO Chung Hui, brother of Mr. HO Kian Guan and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan and Mr. HO Chung Kiat Sydney.

Mr. TSE See Fan Paul, aged 70, is an Executive Director of the Company, a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board and director/president/vice president/chairman/CEO/secretary of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Tse is a director of KS Ocean Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is a director of Macau Urban Renewal Limited. He is also a non-executive director of Banco Nacional Ultramarino, one of the two note-issuing banks of the Macau SAR, a member of the Chinese People's Political Consultative Committee of Yunnan Province, China for the 10th & 11th sessions.

Mr. CHAN Lui Ming Ivan, aged 55, is an Executive Director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. Mr. Chan retired as director of Keck Seng (Malaysia) Berhad (listed on the BMSB) on 26 May 2023.Mr. Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of KS Ocean Inc., Lapford Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is a nephew of Mr. HO Kian Guan, Mr. HO Kian Hock and Mr. HO Kian Cheong, and cousin of Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

PROFILES OF DIRECTORS (continued)

Mr. HO Chung Hui, aged 48, is an Executive Director of the Company and director/chairman of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr. Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr. Ho holds a Bachelor of Science in Economics from the London School of Economics. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Kain, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Cheong, aged 75, is a Non-executive Director of the Company. He was appointed as a Director of the Company on 5 December 1979 and was re-designated as Non-executive Director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the father of Mr. HO Chung Kiat Sydney, brother of Mr. HO Kian Guan and Mr. HO Kian Hock and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain and Mr. HO Chung Hui.

Mr. KWOK Chi Shun Arthur, aged 79, is an Independent Non-executive Director of the Company since 3 January 1995 and director of various companies of the Group. He is also the chairman of the Nomination Committee, an Audit and Compliance Committee member and a Remuneration Committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms. WANG Poey Foon Angela, aged 67, is an Independent Non-executive Director of the Company since 28 September 2004. She is also the chairman of the Remuneration Committee, an Audit and Compliance Committee member, a Nomination Committee member and a Risk Management Committee member of the Board. Ms. Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

Mr. YU Hon To David, aged 77, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 1 April 2013. He is also the chairman of Audit and Compliance Committee, a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board. He is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of Institute of Chartered Accountants in England and Wales. Mr. Yu has extensive experience in the fields of auditing, corporate finance (including IPO advisory, mergers and acquisitions and financial restructuring), financial investigation and corporate management and is currently an independent non-executive directors ("INED") of China Resources Gas Group Limited, One Media Group Limited, Playmates Toys Limited and MS Group Holdings Limited, all listed on The Stock Exchange of Hong Kong Limited ("HKEx"). Mr. Yu is also a non-executive director of Haier Smart Home Co., Ltd. which is listed on Shanghai Stock Exchange and HKEx.

Mr. Stephen TAN, aged 71, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 6 June 2019. He is also the chairman of Risk Management Committee, an Audit and Compliance Committee member, a Remuneration Committee member and a Nomination Committee member of the Board. Mr. Tan is currently an executive director of Asia Financial Holdings Limited, an independent non-executive director of Pioneer Global Group Limited and China Motor Bus Company, Limited (all listed on HKEX). He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as a Standing Committee Member of The Chinese General Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited, Honorary President of the Federation of Hong Kong Shantou Community Organisations, the Supervisor of Chiu Yang Por Yen Primary School and the Manager of Chiu Yang Primary School of Hong Kong. Mr. Tan is a member of the Board of Governor of Hong Kong Sinfonietta Limited, a voting member of Tung Wah Group of Hospitals Advisory Board, a trustee of Outward Bound Trust of Hong Kong, a charter member of The Rotary Club of The Peak and a founding member of Opera Hong Kong Limited. Mr. Tan was educated in the U.S.A. and holds a bachelor's degree in Business Administration from Rutgers University, and a master's degree in Business Administration from St. John's University.

Mr. HO Chung Kain, aged 50, is an Alternate Director to Mr. HO Chung Hui and director of various Companies of the Group. He was appointed as a director of the Company on 15 October 2008. Mr. Ho joined the Group in 2001 as a director of a subsidiary. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr. Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Hui, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan and Mr. HO Chung Kiat Sydney.

Mr. HO Chung Kiat Sydney, aged 41, was appointed as Alternate Director to Mr. HO Kian Cheong with effect from 1 December 2018. He is presently an executive director of Hub Synergy (S) Pte Ltd, Leefon Corporation Pte Ltd and i.Contemporary Living Pte Ltd. Mr. Ho is responsible for the marketing and operations of a commercial building, supervision of the re-development of a 26-storey commercial building as well as its day-to-day operations, and marketing and leasing of warehouse lots in an industrial building. Previously, Mr. Ho was also involved in the development of a 49-unit, 30-storey residential project. Mr. Ho is also an Alternate Director to Mr. HO Kian Cheong in Keck Seng (Malaysia) Berhad (listed on BMSB). Mr. Ho holds a Master degree in Electrical and Electronic Engineering from the Imperial College of Science, Technology and Medicine, London. He is the son of Mr. HO Kian Cheong, nephew of Mr. HO Kian Guan and Mr. HO Kian Hock, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Hui and Mr. HO Chung Kain.

Business of the Group are under direct responsibilities of the executive directors who are regarded as members of the Group's senior management.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

Keck Seng Investments (Hong Kong) Limited (the "Company") and its subsidiaries (together, the "Group") prides itself on its core values of integrity, accountability, and adaptability. The Board and senior management strives to lead by example to instill these values into our corporate culture through best practices such as enforcing financial discipline, legal and regulatory compliance, as well as teamwork, open communication, ESG, staff well-being, and contribution to the communities in way of charitable donations, all while not forgetting the underlying mission of making profit for shareholders and stakeholders alike. Considering the corporate culture in a range of contexts, the Board is of the view that the culture and the purpose, value and strategy of the Group are aligned.

The mission of the Group is "To maximize and optimize profit while creating a better world and enhancing the communities that we are in". To achieve this, the Group diversifies its operations all around the world with high degree of localization. The Chairman's Statement in this annual report includes discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. The Group is increasingly focusing on sustainability; employee's health and well-being; inclusion and diversity. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone ESG Report of the Group.

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). During the year, the Company has complied with the principles set out in the CG Code, save and except for deviations as explained below:

- Code Provision C.2.1, as the roles of chairman and chief executive officer of the Company are not separated.

Pursuant to Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company has not appointed a chief executive officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the Executive Directors. In respect of the management of the Board, the role was undertaken by Mr. HO Kian Guan, the Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year 2024.

BOARD OF DIRECTORS

The Board of the Company comprises the following Directors:

Executive Directors:
HO Kim Swee @ HO Kian Guan – *Executive Chairman*
HO Cheng Chong @ HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
HO Chung Hui
HO Chung Kain @ HE Chongjing *(Alternate to HO Chung Hui)*

Non-executive Director:
HO Eng Chong @ HO Kian Cheong
HO Chung Kiat Sydney @ HE Chongjie Sydney *(Alternate to HO Eng Chong @ HO Kian Cheong)*

Independent Non-executive Directors:
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Hon To David
Stephen TAN

The Board currently comprises 10 members, consisting of 5 Executive Directors (having 1 Alternate Director), 1 Non-executive Director (having 1 Alternate Director) and 4 Independent Non-executive Directors. The biographical information of the Directors are set out in the section headed “Profiles of Directors” on pages 25 to 27 of this annual report.

There is no relationship between members of the Board other than that Mr. HO Kian Hock is the father of Messrs HO Chung Kain and HO Chung Hui, Mr. HO Kian Cheong is the father of Mr. HO Chung Kiat Sydney while Messrs HO Kian Guan, HO Kian Hock and HO Kian Cheong are brothers who are also uncles of Mr. CHAN Lui Ming Ivan.

Independent Non-executive Directors

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Independent Non-executive Directors also serve the important functions of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director to be independent in character and judgment and that they all meet the specific independence criteria as required under the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent. The Independent Non-executive Directors are explicitly identified in all corporate communications.

Responsibilities, Accountabilities and Contributions of the Board and Management

The principal function of the Board is on setting the overall strategic direction and investment focus of the Group. The Board also monitors the financial performance and the internal controls of the Group's business activities. Day-to-day management of the Group's business is delegated to the management and the responsibilities and powers so delegated are periodically reviewed to ensure that they remain appropriate.

With wide respective professional experience in financial, architectural, legal and accounting fields, the Independent Non-executive Directors bring and contribute to the Board a balance of skills, independent judgment and insight into the setting of strategic direction, investment focus, performance evaluation, risk management of the Group through attendance at meetings of the Board, Audit and Compliance Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and general discussions with the Executive Directors.

All Directors are updated on governance and regulatory matters. All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. Directors can obtain independent advice at the expense of the Company for the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its Directors.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board meets to review the overall strategic direction of the Group, to monitor the operations and to deal with any corporate and policy matters in respect of which its attention is required. The Executive Directors are responsible for drawing up and approving the agenda for each Board meeting. Notices of at least 14 days have been given to all Directors for all Board meetings. Directors can include matters for discussion in the agenda if necessary. Agenda and board papers in respect of Board meetings are sent out in full to all Directors at least 3 business days prior to the meetings. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of the Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decisions on matters under discussion.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Since 2004, new Directors have been given, on appointment, an orientation package, including information on the Group's company structure, details of major investments, the Company's Articles of Association, and other relevant information to familiarise the new Directors with the corporate affairs and operations of the Group. They will receive, from time to time, formal, comprehensive and tailored induction to ensure full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year, the training records of the Directors of the Company are as follows:

Directors	Attending seminar and/or conferences and/or forums	Reading journals, updates, articles and/or materials, etc
Executive Directors		
HO Kian Guan	✓	✓
HO Kian Hock	✓	✓
TSE See Fan Paul	✓	✓
CHAN Lui Ming Ivan		✓
HO Chung Hui	✓	✓
HO Chung Kain *(Alternate to HO Chung Hui)*	✓	✓
Non-executive Director		
HO Kian Cheong	✓	✓
HO Chung Kiat Sydney *(Alternate to HO Kian Cheong)*	✓	✓
Independent Non-executive Directors		
KWOK Chi Shun Arthur		✓
WANG Poey Foon Angela	✓	✓
YU Hon To David	✓	✓
Stephen TAN	✓	✓

Under Code Provision C.1.4, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and have regular updates on the changes of Listing Rules and industry sectors as continuous professional development. In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

COMPANY SECRETARY

The Company Secretary is to support the Board by ensuring that there is good information flow and the board policies and procedures are strictly followed. The Company Secretary is responsible for advising the Board on governance matters and also facilitating the induction and professional development of Directors.

During the year, the Company Secretary took no less than 15 hours of the relevant professional training in compliance with Rule 3.29 of the Listing Rules.

BOARD COMMITTEES

The Board has established 4 committees, namely, Audit and Compliance Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out below.

Audit and Compliance Committee

The Audit and Compliance Committee of the Company was established in 1999. Its current members are:

YU Hon To David *(Chairman of the committee)*
KWOK Chi Shun Arthur
WANG Poey Foon Angela
Stephen TAN

All the members are Independent Non-executive Directors. The Board considers that each of the Audit and Compliance Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering legal, business, accounting and financial management disciplines on the Committee. The composition and the membership of the Audit and Compliance Committee comply with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference covering the authority and duties of the Audit and Compliance Committee conform to the provisions of the CG Code.

The Audit and Compliance Committee deliberates and meets to review the reporting of financial and other relevant information to shareholders, the scheme of internal controls, the effectiveness of the internal audit function and the effectiveness and objectivity of the audit process. The Audit and Compliance Committee provides one of the important links between the Company and the Company's external auditors in matters within the Committee's terms of reference, and keep in view the independence and objectivity of the external auditors. The Audit and Compliance Committee also review the Company 's policies and practices on corporate governance, compliance with legal and regulatory requirements and the Company's Environmental, Social and Governance activities and advise the Board on related matters.

The Audit and Compliance Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group, discussed financial reporting matters including a review of the financial statements for the year ended 31 December 2024 and review the effectiveness of the internal audit function.

During the year, three Audit and Compliance Committee meetings were held. The Audit and Compliance Committee met the Company's external auditors annually in the absence of management to discuss matters relating to any issue arising from audit and any other matters the external auditors may wish to raise. The Audit and Compliance Committee has also met regularly and from time to time with the representative of the internal audit team of the Company, which conducted independent reviews of the Group's risk management, internal control framework and systems.

Corporate Governance Functions

The Board and the Audit and Compliance Committee is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board with the assistance of the Audit and Compliance Committee and the management had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the CG Code and disclosure in this Corporate Governance Report.

Remuneration Committee

The Remuneration Committee was established in 2005. Its current members are:

WANG Poey Foon Angela *(Chairlady of the committee)*
KWOK Chi Shun Arthur
YU Hon To David
Stephen TAN
TSE See Fan Paul

Membership of the Remuneration Committee is appointed by the Board. The majority of the members are Independent Non-executive Directors. The principal duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration packages of the Executive Directors, Non-executive Directors and senior management. The Remuneration Committee review and make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management. The Remuneration Committee ensures that no Director or any of his/her associate is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee conform to the provisions of the CG Code.

During the year, the Remuneration Committee held two meetings, during which the committee reviewed and discussed matters related to the remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors and senior management and other related matters.

Details of the remuneration of each Director and senior management for the year ended 31 December 2024 are set out in Note 7 to the Financial Statements contained in this Annual Report.

Nomination Committee

The Nomination Committee was established in 2012. Its current members are:

KWOK Chi Shun Arthur *(Chairman of the committee)*
WANG Poey Foon Angela
YU Hon To David
Stephen TAN
TSE See Fan Paul

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors. The terms of reference of the Nomination Committee conform to the provisions of the CG Code.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Nomination Policy and the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year, the Nomination Committee held two meetings. It reviewed the Nomination Policy and the Board Diversity Policy and considered them remain effective and appropriate for the Company. It also reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Board Diversity Policy, and the Nomination Policy and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the corporate strategy and goal of the Group. The Nomination Committee also assessed the independence of all the Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. It made recommendation to the Board on the re-election of the retiring Directors at 2024 annual general meeting of the Company.

Nomination Policy

The Company has established a Nomination Policy which includes the following principles:

1. The Nomination Committee of the Board of Directors shall be responsible for identifying, receiving, reviewing and proposing individuals to be put forward to the Board of Directors for consideration in relation to the appointment of additional Directors to the Company.

2. The Nomination Committee shall establish the procedure for identifying, receiving and reviewing the qualification of candidates mentioned in (1) above.

3. The Nomination Committee shall consider, inter alia, the technical competencies, core skill levels, professional and other experiences, level of integrity, and other relevant factors in light of the strategic and operational issues faced by the Company in its review of candidates.

4. The Nomination Committee shall, inter alia, consider the diversity of backgrounds, perspectives, genders and qualifications of candidates in order to ensure optimal corporate governance.

5. The Nomination Committee shall from time to time review the structure and size of the Board of Directors and make recommendations for changes as and when appropriate or necessary.

6. The Nomination Committee shall make recommendations to the Board of Directors to ensure that the Company complies with relevant clauses in the Listing Rules with respect to Independent Non-executive Directors.

Board Diversity

The Company adopted a Board Diversity Policy setting out the approach to achieve diversity of the Board members in 2013. The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality, or any other factors. It also recognizes and embraces the benefits of diversity in Board members, and sees increasing diversity at the Board level as an essential element in maintain the Company's competitive advantage and believes that diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience and other qualities. The Company takes into account these factors based on its own specific needs from time to time as well as the availability of suitable candidates in the market.

The Nomination Committee monitors the implementation of the Board Diversity Policy and reviews the same as appropriate. The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. Currently, the Board has a female Director out of 10 Directors and the Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified.

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Group provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability, and any other aspects of diversity. In 2024, our total workforce comprised 43% female and 57% male. Further details of the Group's inclusive policy, please refer to "Our Workforce Diversity" section of ESG Report 2024.

Risk Management Committee

The Risk Management Committee was established in 2020. Its current members are:

Stephen TAN *(Chairman of the committee)*
WANG Poey Foon Angela
YU Hon To David
TSE See Fan Paul

Majority of the members are Independent Non-executive Directors. The principal duties of the Risk Management Committee are to oversee the implementation and operation of the risk management system of the Group and to make recommendations on any matters related thereto where action or improvement is needed; and to identify, evaluate, mitigate and manage material risks faced by the Group; and to review the adequacy of the Group's policies and procedures regarding risk management system.

During the year, the Risk Management Committee held two meetings during which the committee reviewed and discussed the risk management system of the Group and to make recommendation to the Board; and reviewed the Company's risk profile and the Report of Risk Management Committee.

CORPORATE GOVERNANCE REPORT (continued)

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit and Compliance Committee**	**Risk Management Committee**	**Annual General Meeting**
Executive Directors						
HO Kian Guan	4/4	–	–	–	–	1/1^
HO Kian Hock	4/4	–	–	–	–	1/1^
TSE See Fan Paul	4/4	2/2	2/2	3/3*	2/2	1/1
CHAN Lui Ming Ivan	4/4	–	–	–	–	1/1^
HO Chung Hui	4/4	–	–	–	–	1/1
HO Chung Kain *(Alternate to HO Chung Hui)*	4/4	–	–	–	–	1/1^
Non-executive Directors						
HO Kian Cheong	4/4	–	–	–	–	1/1^
HO Chung Kiat Sydney *(Alternate to HO Kian Cheong)*	4/4	–	–	–	–	1/1^
Independent Non-executive Directors						
KWOK Chi Shun Arthur	4/4	2/2	2/2	3/3	–	1/1
WANG Poey Foon Angela	4/4	2/2	2/2	3/3	2/2	1/1
YU Hon To David	4/4	2/2	2/2	3/3	2/2	1/1
Stephen TAN	3/4	2/2	2/2	2/3	2/2	1/1

* Director is not the member of the Committee, only acts as the attendee of the Committee meetings.

Not include meetings attended by Alternate.

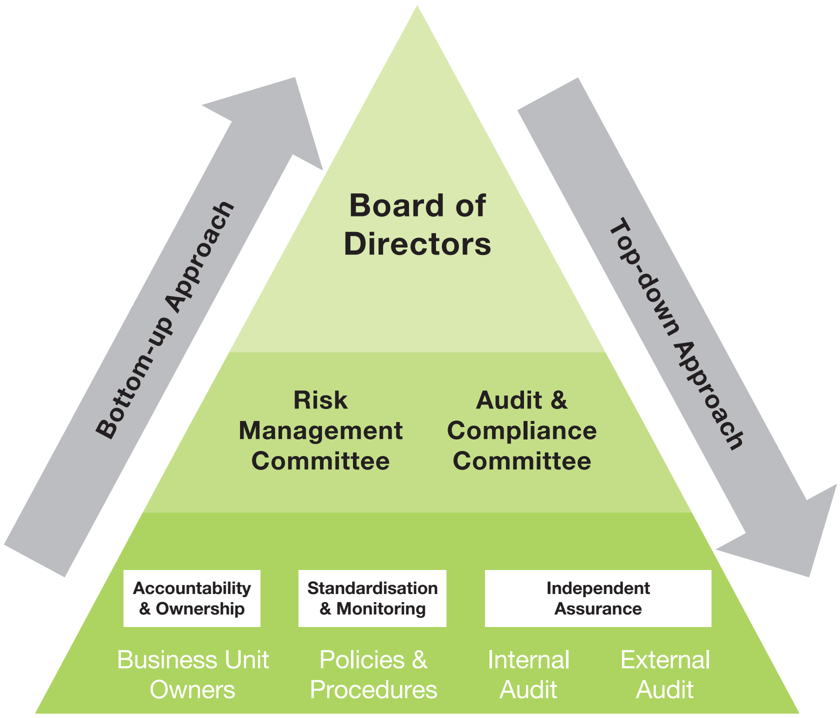
^ Directors participated the Annual General Meeting by video conference.

Apart from regular Board meetings, the Chairman also held meeting with the Independent Non-executive Directors without the presence of Executive Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROL

A. Risk Management

Oversight of Risk Management & Framework



The Board has overall responsibility for evaluating and determining the nature and extent of the risks and the effectiveness of internal controls in the Group's business. The Audit and Compliance Committee and the Risk Management Committee of the Group assists the Board in providing oversight of risk management and internal control systems that reflects both the established risk appetite and the business objectives and reports to the Board annually their observations on any matters under their purview. The framework is not designed to eliminate risk but define and manage the type of risk and level of exposure we are prepared to take in pursuit of our strategic objectives to ensure decisions taken align with the Group's risk appetite.

The Board is responsible for overseeing the risk appetite of the Group and has overall responsibility for the Group's risk management framework. The Board also reviews the recommendations made to it by the Audit and Compliance Committee and Risk Management Committee.

The Group's Risk Management framework combines a bottom-up operational with a top-down strategic view process. Each business unit is responsible for identifying its own risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. They also need to ensure risk management process and mitigation plan follow established practices and guidelines. Each business unit is also responsible to formulate or execute policies and procedures and also ensure the standardisation and consistency among them.

The Board has established a Risk Management Committee to assist in overseeing the Group's risk management process, with the assistance of the Group Financial Controller. The main responsibility of the Risk Management Committee is to ensure various risks are properly managed and controlled to an acceptable level for the Group in the course of conducting business.

The Audit and Compliance Committee monitors the Group's risk management and internal control systems through the Internal Audit Department, who performs independent audits across the all business units across the Group. The Internal Audit Department's objective is to evaluate that such systems are functioning properly; This is an ongoing process where all material controls of the Group are evaluated for effectiveness. Internal Audit Reports are furnished to the Audit and Compliance Committee, highlighting material deviations (if any); and that all deviations are followed through by Management for rectification. A confidential whistle-blowing mechanism has been established to ensure all raised concerns are promptly responded and followed up by Internal Audit Department and Audit and Compliance Committee.

The Group has adopted an internal code on the protection of company's information, including the storage and the use of data is also subject to data privacy laws. The Group's Code of Corporate Conduct Policy prohibits its Directors and officers from dealing in listed securities of the Company while in possession of unpublished, material and price-sensitive information in relation to such securities and ensures that any potential inside information is promptly identified and reported to the senior management who will make timely decisions on dissemination of inside information as soon as practicable in according with applicable laws and regulations. The Company issues periodic reminders to its Directors, relevant officers and employees on the restrictions in dealing in listed securities of the Company as set out above as part of the Group's risk management process.

Each member of our Executive Team is responsible for identifying and assessing key risks within their own business unit. They also report to Risk Management Committee where they collectively assess and monitor specific risks and agree mitigation actions.

Group's Principal Risks

The following table provides what we consider to be the Group's principle risks, possible associated impacts and mitigation measures that are in place or under development.

Principal Risks	Possible impacts	Mitigation
1. Global systematic Risk	• Geopolitical tensions, including US-China relations and tariff disputes between the US, Canada, Mexico, and China, disrupt the global economy, impacting hotel demand, costs, and industry stability.	• Monitors geopolitical trends and diversifies revenue streams. • Implement cost-saving measures and adjust workforce size appropriately. • Staying updated on regulations, market trends and tenants/guests preferences. • Offer flexible leasing and booking options to maintain high occupancy levels. • Strengthen partnerships with suppliers to effectively manage risks and ensure stability.
2. Investment and Asset/ Liabilities Management	• Changing market sentiments driven by macroeconomic and political uncertainties, shifts in government policies, and potential inflation may further impact our business earnings and property values. • Renovations and aging properties risk delays, damage, and safety issues, leading to guest disruptions and costly repairs.	• Closely monitor exposure to risks and uncertainties, and implement necessary measures to safeguard employees' interests and business operations, minimising the impact on the Group's financial and operational performance. • Proactive building maintenance, conducts regular inspections to prevent property damage and delays, implements service recovery plans, schedules work to minimise disruptions. • Hotel diversifies markets, strengthens domestic tourism, and closely monitors geopolitical developments to adapt to changing conditions.

Principal Risks	Possible impacts	Mitigation
	• Conflicts, trade tensions, and visa restrictions weaken travel demand, impacting hospitality sector. • Hotel industry faces high competition from oversupply and Airbnb, requiring innovation; In Macau, slow shop leasing demand, weak commercial and office markets, and economic uncertainties increase vacancy and rental pressure.	• Hotels innovate, optimise pricing, and offer flexible leasing to attract tenants; In Macau, focus on boosting occupancy and retention through competitive leasing strategies. • Evaluate investment opportunities that generate sustainable, long-term value and adopt a disciplined approach when considering potential acquisitions. • Manage resources prudently to maintain a robust financial position.
3. Hotel Operation	• All hotels in which we have invested are managed by external Hotel Managers, raising potential concerns regarding their management practices. • Labor shortages could limit hotels' ability to operate at full capacity. • There is a risk of disruptions within the supply chain, potentially impacting operations.	• The Group has professional teams dedicated to supporting and monitoring hotel performance. These teams regularly analyse and review relevant operational and financial data to ensure alignment with the Group's investment strategies. • Group Internal Audit's review covers major operational and financial systems of our invested hotels on a continuing basis and continues to implement measures to address material weakness. • Discuss with Hotel Managers and try to diversify the supplier base and attract and retain employees by offering competitive wages and benefits.

Principal Risks	Possible impacts	Mitigation
4. Cybersecurity and data security	• Technological system breakdowns can disrupt operations, cause financial losses, delays, and reputational damage, while cyberattacks pose a significant risk to the hotel industry, resulting in major interruptions, financial losses, data breaches, and brand image harm. Non-compliance and data loss, such as failure to meet Payment Card Industry Standards (PCI-DSS), along with cyberattacks, can lead to litigation, financial losses, and business disruption.	• Regularly review IT security processes, update systems, conduct security testing. • Review or update IT infrastructure and recovery processes to ensure robust protection against cyber threats and system failures. • Provide regular training sessions to enhance employees' information security awareness.
5. Health and Safety	• The health, safety, and security of guests, visitors, and employees are critical, especially given the varying regulatory requirements across different jurisdictions. Failure to adequately implement these measures could result in severe injuries, fatalities, regulatory investigations, substantial claims, sanctions, fines, and damage to the Group's reputation.	• Recognising the well-being of guests, employees, and other stakeholders as a top priority, the Group supports and implements rigorous precautionary measures, including enhanced cleaning and sanitisation programs, to ensure all offices and hotels remain safe environments. • While the Hotel Managers maintain their own established Health, Safety, and ESG systems, the Group regularly reviews their policies, procedures, internal and third-party audits, training programs, testing results, and reports.

Principal Risks	Possible impacts	Mitigation
6. Human Resources	• A succession plan for the Company's senior and middle management is essential to ensure preparedness in the event that a senior executive retires or is otherwise unable to perform their duties. This ensures continuity in the Group's business operations without disruption.	• The Group aims to strengthen its senior management team by identifying and nurturing talented individuals, helping them achieve their full potential within the Group, and ensuring robust succession plans are in place to support future business requirements.
7. Environmental and Social Responsibility Risk	• Potential challenges and negative impacts that properties face regarding environment and the well-being of the communities in which they operate.	• Integrating environmental and social responsibility principles into management practices. • Communicate environmental and social efforts transparently to stakeholders.

B. Internal Audit and Internal Controls

Whilst the responsibility of maintaining a good system of internal controls rests with the Management, the Group Internal Audit assess the robustness of the system through a structured internal audit programme.

Reporting to the Audit and Compliance Committee, the scope of the Group Internal Audit's review covers major operational and financial systems on a continuing basis and targets to cover all major operations within every division on a rotational basis. The scope of its review and its audit programme is approved by the Audit and Compliance Committee before the start of each financial year. Internal Audit reports are submitted directly to the Audit and Compliance Committee.

C. Conclusion

The Audit and Compliance Committee reviewed the effectiveness of the Group's internal control systems covering all material controls, including financial, operational, compliance, information technology and risk management functions during the year and the resources allocated to the internal control operations. This is reported to the Board following each Audit and Compliance Committee meeting.

The Board reviewed, considered and is satisfied that the Group's internal control systems and risk management functions are effective, adequate and in compliance with the risk management and internal control code provisions of the Corporate Governance Code, for the year ended 31 December 2024. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

On the basis of the review, the Board, the Audit and Compliance Committee and the Risk Management Committee are satisfied as to the effectiveness of the Group's internal control and risk management and concluded that:

a. the Group during the year has complied with the Code of Governance on internal control

b. the Group has a framework of prudent and effective controls to identify, evaluate and manage the risks

c. the Group has internal control and accounting systems which are reasonably efficient and adequate

d. the Group has ongoing monitoring processes which identified, evaluated and managed significant risks that may influence its major business operations, and

e. No significant control failings or weaknesses is identified during the Financial Year.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

In preparing the financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are fair and reasonable, and have prepared the financial statements on the going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 47 to 52.

Where appropriate, a statement will be submitted by the Audit and Compliance Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit and Compliance Committee.

AUDITORS' REMUNERATION

The remuneration paid to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 are set out below.

	2024 HK$'000
Auditor's remuneration	
– Audit services	2,815
– Non-audit services (including tax advisory and other services)	2,102
	4,917

DIVIDEND POLICY

The Company has approved and adopted a dividend policy to provide shareholders of the Company (the "Shareholders") with regular dividends (the "Dividend Policy"). Under the Company Law and our Articles of Association, all of our Shareholders have equal rights to dividends and distributions.

In formulating this policy, the Company has taken into consideration the varying objectives of:

- Providing part of the return to Shareholders in the form of dividend income from the Company;
- Maintaining sufficient free cashflow to finance ongoing company operations;
- Maintaining sufficient cash resources to finance company acquisitions which may come up from time to time;
- Maintaining sufficient cash resources to finance unforeseen cash requirements.

It has also taken into consideration the possibility of:

- Possible fluctuation in earnings from one financial period to another;
- Unforeseen global financial instability giving rise to systemic risk on a global basis;
- Unforeseen economic, social and political instability in the Company's various geographical locations;
- Possible cost-escalations resulting from inflation, structural cost adjustments, legal changes, and other unforeseen incidents;
- Possible reduction in revenue due to changing market conditions, consumption and spending patterns, legal changes, and other unforeseen factors.

Under the Dividend Policy, the Company intends to provide Shareholders with semi-annual dividends. Further, the intention is that such dividends should be in line with general movements in the Company's consolidated net income attributable to the Shareholders and general cashflow availability, subject to the Company's capacity to pay from accumulated and future earnings, anticipated liquidity position and future commitments at the time of declaration of dividend. The Dividend Policy will allow the Company to pay scrip dividends. The Dividend Policy will also allow the Company to declare special dividends from time to time in addition to the semi-annual dividends.

It is the view of the Board that Shareholders participate in the Company's profits, while recognising that it is important for the Company to maintain adequate cash reserves for covering current operations and funding future growth. The Company's capacity to declare dividends will depend upon, inter alia, the Company's current and future operations, liquidity position and capital requirements. It will also depend on dividends received and receivable from the Company's subsidiaries and associates. The payment of dividend is also subject to any restrictions under the Hong Kong law and the Company's Articles of Association.

Pursuant to Article 144 of the Company's Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. It should be noted that the Dividend Policy reflects the Board's current views on the projected operations and financial resources of the Company and its subsidiaries. It should also be noted that the Dividend Policy shall be reviewed from time to time by the Directors and management. Hence, there is no assurance or commitment that dividends will be paid in any particular amount for any given financial period. Even if the Board decides to recommend and pay dividends, the form, and amount will depend upon the operations and earnings, capital requirement and surplus, general financial condition, contractual obligations, prevailing economic condition, and other relevant factors.

Pursuant to Article 156 of the Company's Articles of Association, any dividend unclaimed after a period of twelve years from the date of payment of such dividend shall be forfeited and shall revert to the Company.

CONSTITUTIONAL DOCUMENT

During the year under review, the Company has not made any changes to Articles of Association. An up to date version of the Company's Articles of Association is available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election or re-election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening A General Meeting/Right To Call A General Meeting

Pursuant to the Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance")/Article 71 of the Company's Articles of Association, shareholder(s) representing at least 5% of the total voting rights of all Shareholders having the right to vote at general meetings can make a written request to convene a general meeting. Such request 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. The request may be sent to the Company in hard copy form or in electronic form and must also be authenticated by the person or persons making it.

Putting Forward Proposals at General Meeting

Pursuant to the Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all the shareholders or at least 50 shareholders can request the Company in writing to circulate to the shareholders a statement with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting. The request may be sent to the Company in hard copy form or in electronic form and must identify the statement to be circulated. It must be authenticated by the person or persons making it and be received by the Company at least 7 days before such meeting.

Putting Forward Enquiries To The Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company at the Company's address in Hong Kong or by email.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 2902, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong
Email: enquiry@keckseng.com.hk

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including Non-executive Directors, Independent Non-executive Directors, and the Chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The Shareholders Communication Policy, which is available on the Group's website, sets out the framework in place to promote two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed matter. In August 2022, the Shareholders Communication Policy was updated to elaborate on the multiple avenues available for shareholders to communicate with the Company. The Company has reviewed its prevailing Shareholders' Communication Policy during the year, and believes the Shareholders' Communication Policy is still appropriate and effective.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to and including the date of this Annual Report as required by the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 53 to 129, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising 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 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") and we have 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 MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

KEY AUDIT MATTERS *(continued)*

Valuation of investment properties

Refer to Note 11 to the consolidated financial statements and the accounting policy at Note 1(g).

The Key Audit Matter

The Group holds a portfolio of investment properties (primarily office and commercial premises) located in Macau which are stated at their fair values which totalled HK$826 million and accounted for 14% of the Group's total assets as at 31 December 2024.

The fair values of the investment properties as at 31 December 2024 were assessed by the board of directors based on independent valuations prepared by an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued. The net changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 14% of the Group's profit before taxation for the year ended 31 December 2024.

We identified the valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and because the valuation of investment properties can be inherently subjective and requires the exercise of significant judgement and estimation, in particular in determining the appropriate valuation methodology, capitalisation rates and market rents, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- obtaining and inspecting the valuation reports prepared by the independent professional surveyors engaged by the Group and on which the directors' assessment of the valuation of investment properties was based;

- assessing the qualifications of the independent professional surveyors and their experience in the properties being valued and considering their objectivity;

- discussing with the independent professional surveyors their valuation methodology and challenging the key estimates and assumptions adopted in the valuations, including capitalisation rates and market rents, by comparing the assumptions made in prior years with the current year's assumptions and current publicly available data, with the assistance of our internal property valuation specialists, and considering whether there was any indication of management bias in the selection of the assumptions; and

- comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the independent professional surveyors with underlying contracts and related documentation, on a sample basis.

KEY AUDIT MATTERS *(continued)*

Recoverability of the carrying value of hotel properties owned by the Group

Refer to Note 11 to the consolidated financial statements and the accounting policy at Notes 1(h)(i) and 1(j)(ii).

The Key Audit Matter

The Group holds a number of hotel properties located in major cities in Asia Pacific and North America. These hotel properties were stated at cost less accumulated depreciation and impairment with carrying amounts totalling HK$1,487 million and accounted for 26% of the Group's total assets as at 31 December 2024.

Reversal of impairment loss on a hotel property of HK$170 million was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

At the year end management assesses if there are any indicators of potential impairment of hotel properties or any indicators that an impairment loss recognised in prior periods for the hotel properties may no longer exist or may have decreased. Where indicators of potential impairment or reversal of impairment are identified, management assesses the recoverability of the carrying value of hotel properties based on the present value of estimated future cash flows arising from the continued use of the related assets. The assessment of the recoverable amounts of hotel properties is inherently subjective as it involves significant management judgement and estimation, particularly given the diverse locations of the hotel properties and the particular economic and political circumstances at each location which can affect, inter alia, occupancy rates, average room rate and future growth rates.

We identified assessing the recoverability of the carrying value of hotel properties owned by the Group as a key audit matter because of its significance to the consolidated financial statements and because the determination of whether there is objective evidence of impairment involves significant management judgement and could be subject to potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the recoverability of the carrying value of hotel properties owned by the Group included the following:

- discussing triggering events and/or indicators of potential impairment or reversal of impairment loss of hotel properties with management and inspecting the operating results and cash flow forecasts of the respective hotels;

- where such triggering events or indicators of potential impairment or reversal of impairment loss were determined to exist, performing the following procedures in respect of each individual hotel property:

  – discussing with Group management and assessing the valuation methodologies adopted in the preparation of the impairment assessment with reference to the requirements of the prevailing accounting standards;

  – challenging the key estimates and assumptions adopted in the impairment assessment, including occupancy rates, average room rate, future growth rates and discount rate, by comparing these with market available data and the current year's operating results with the assistance of our internal valuation specialists.

- performing sensitivity analyses by making adjustments to the key estimates and assumptions adopted in the impairment assessments to assess risk of possible management bias in the selection of these assumptions; and

- performing a retrospective review by comparing the forecast operating results made in the prior year's impairment assessments with the current year's operating results to assess the historical accuracy of management's forecasting process.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

The directors are assisted by the Audit and Compliance Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. This report is made 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

We communicate with the Audit and Compliance Committee 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 the Audit and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Audit and Compliance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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 Chan Tsz Kei.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	3	1,692,023	1,738,354
Cost of sales		(155,107)	(143,465)
		1,536,916	1,594,889
Other revenue	4(a)	103,565	141,436
Other net (losses)/gains	4(b)	(49,789)	9,755
Gains on disposal of the Hotel Assets	25	156,237	–
Direct costs and operating expenses		(707,091)	(733,452)
Marketing and selling expenses		(44,662)	(60,687)
Depreciation	11(a)	(112,713)	(141,334)
Administrative and other operating expenses		(450,285)	(448,037)
Operating profit		432,178	362,570
Net decrease in fair value of investment properties	11(a)	(66,700)	(12,500)
Reversal of impairment loss on a hotel property	11(b)	169,922	58,297
		535,400	408,367
Finance costs	5(a)	(89,454)	(98,830)
Share of net profits of associates		20,670	32,340
Profit before taxation	5	466,616	341,877
Income tax	6(a)	(113,161)	(28,021)
Profit for the year		353,455	313,856
Attributable to:			
Equity shareholders of the Company		255,841	219,656
Non-controlling interests		97,614	94,200
Profit for the year		353,455	313,856
Earnings per share, basic and diluted (cents)	9	75.2	64.6

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

The notes on pages 59 to 129 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**353,455**	313,856
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**67**	(229)
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries and associates	**(52,346)**	(13,469)
– release of exchange reserve upon cessation of a subsidiary's business	**18,114**	–
Other comprehensive income for the year	**(34,165)**	(13,698)
Total comprehensive income for the year	**319,290**	300,158
Attributable to:		
Equity shareholders of the Company	**232,977**	208,797
Non-controlling interests	**86,313**	91,361
Total comprehensive income for the year	**319,290**	300,158

There is no tax effect relating to the above components of other comprehensive income.

The notes on pages 59 to 129 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Investment properties		826,200	892,900
Property, plant and equipment		1,610,127	1,431,628
Land		765,623	777,558
	11	3,201,950	3,102,086
Interest in associates	13	96,823	98,196
Derivative financial assets		–	8,476
Other non-current financial assets	14	126,513	137,363
Deferred tax assets	23(b)	423,556	455,818
		3,848,842	3,801,939
Current assets			
Trading securities	15	8,811	10,561
Properties held for sale	16	278,873	278,873
Inventories		3,780	4,531
Trade and other receivables	17	88,576	96,438
Derivative financial assets		2,052	–
Deposits and cash	18(a)	1,523,656	1,511,698
Taxation recoverable	23(a)	419	2,600
		1,906,167	1,904,701
Assets classified as held for sale	25	–	89,497
		1,906,167	1,994,198
Current liabilities			
Bank loans	19(a)	317,384	319,391
Trade and other payables	20	437,589	453,614
Loan from an associate	13	464	464
Loans from non-controlling shareholders	22	77,397	4,155
Taxation payable	23(a)	57,659	21,111
		890,493	798,735
Net current assets		1,015,674	1,195,463
Total assets less current liabilities		4,864,516	4,997,402

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Bank loans	19(a)	888,949	1,056,083
Deferred revenue	21	2,395	2,783
Loans from non-controlling shareholders	22	34,890	108,824
Deferred tax liabilities	23(b)	82,294	89,914
		1,008,528	1,257,604
NET ASSETS		3,855,988	3,739,798
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		2,808,826	2,620,075
Total equity attributable to equity shareholders of the Company		3,307,131	3,118,380
Non-controlling interests		548,857	621,418
TOTAL EQUITY		3,855,988	3,739,798

Approved and authorised for issue by the board of directors on 24 March 2025.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 59 to 129 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2024	498,305	19,511	(32,083)	2,751	2,629,896	3,118,380	621,418	3,739,798
Changes in equity for 2024:								
Profit for the year	–	–	–	–	255,841	255,841	97,614	353,455
Other comprehensive income	–	–	(22,931)	67	–	(22,864)	(11,301)	(34,165)
Total comprehensive income for the year	–	–	(22,931)	67	255,841	232,977	86,313	319,290
Dividends approved in respect of the previous year	–	–	–	–	(27,216)	(27,216)	–	(27,216)
Dividends declared in respect of the current year	–	–	–	–	(17,010)	(17,010)	–	(17,010)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(158,874)	(158,874)
Balance at 31 December 2024	498,305	19,511	(55,014)	2,818	2,841,511	3,307,131	548,857	3,855,988
Balance at 1 January 2023	498,305	19,511	(21,453)	2,980	2,437,456	2,936,799	615,847	3,552,646
Changes in equity for 2023:								
Profit for the year	–	–	–	–	219,656	219,656	94,200	313,856
Other comprehensive income	–	–	(10,630)	(229)	–	(10,859)	(2,839)	(13,698)
Total comprehensive income for the year	–	–	(10,630)	(229)	219,656	208,797	91,361	300,158
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	5,892	5,892
Dividends approved in respect of the previous year	–	–	–	–	(17,010)	(17,010)	–	(17,010)
Dividends declared in respect of the current year	–	–	–	–	(10,206)	(10,206)	–	(10,206)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(91,682)	(91,682)
Balance at 31 December 2023	498,305	19,511	(32,083)	2,751	2,629,896	3,118,380	621,418	3,739,798

The notes on pages 59 to 129 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Operating activities			
Cash generated from operations	18(b)	330,569	388,306
Overseas tax paid (net)		(50,421)	(42,792)
Net cash generated from operating activities		280,148	345,514
Investing activities			
Payment for the purchase of non-current financial assets		–	(553)
Payment for the purchase of property, plant and equipment		(143,191)	(47,081)
Proceeds from sale of property, plant and equipment		177	8
Proceeds from the disposal of assets classified as held for sale		246,404	–
Interest received		80,186	66,898
Increase in bank deposits with maturity more than three months		(327,655)	(142,962)
Dividends received from listed securities		574	700
Dividends received from associates		20,448	19,492
Net cash used in investing activities		(123,057)	(103,498)
Financing activities			
Repayment of bank loans	18(c)	(162,540)	(1,546)
Repayment of loan from non-controlling shareholder	18(c)	(4,009)	–
Interest paid	18(c)	(86,325)	(91,617)
Dividends paid to the equity shareholders of the Company	24(b)	(44,226)	(27,216)
Dividends paid to non-controlling shareholders		(158,874)	(91,682)
Net cash used in financing activities		(455,974)	(212,061)
Net (decrease)/increase in cash and cash equivalents		(298,883)	29,955
Cash and cash equivalents at 1 January		1,275,382	1,247,915
Effect of foreign exchange rate changes		(16,814)	(2,488)
Cash and cash equivalents at 31 December		959,685	1,275,382
Analysis of the balances of cash and cash equivalents at 31 December			
Deposits and cash	18(a)	1,523,656	1,511,698
Less: Bank deposits with maturity more than three months		(563,971)	(236,316)
		959,685	1,275,382

The notes on pages 59 to 129 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- trading securities and other non-current financial assets (Note 1(e));
- derivative financial instruments (Note 1(f)); and
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (Note 1(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 29.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 1(m) or (n) depending on the nature of the liabilities.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate (Note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 1(j)(ii)), unless the investment is classified as held for sale.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 1(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate (after applying the expected credit losses model to such other long-term interest where applicable (see Note 1(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 1(e)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (Note 1(j)(ii)), unless classified as held for sale.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(f). These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 1(s)(v)).

– fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value at profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 1(s)(ii)(c).

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(s)(ii).

(h) Property, plant and equipment

(i) Hotel properties

Hotel properties are stated at cost less accumulated depreciation (Note 1(h)(iii)) and impairment losses (Note 1(j)(ii)).

(ii) Other property, plant and equipment

Other property, plant and equipment, including right-of-use assets arising from lease of underlying plant and equipment (see Note 1(i)), except for construction-in-progress, are stated at cost less accumulated depreciation (Note 1(h)(iii)) and impairment losses (Note 1(j)(ii)). Construction-in-progress is stated at cost less accumulated impairment losses and not subject to depreciation.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment *(continued)*

(iii) Depreciation

Depreciation is calculated to write off the cost of these assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings situated on freehold land are depreciated over their estimated useful lives of 30 to 48 years. Freehold land is not depreciated.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and the buildings' estimated useful lives of 30 to 48 years.
- Motor vehicles 7 years
- Furniture, fixtures and equipment 3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(i) As a lessee *(continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(h)(iii) and 1(j)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 1(e), 1(s)(ii) and 1(j)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 1(s)(ii).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost (including deposits and cash, trade and other receivables, and loan to associates).

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments *(continued)*

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments *(continued)*

Significant increases in credit risk *(continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 1(s)(ii)(b) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than investment properties carried at revalued amounts); and

- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Inventories

(i) Hotel and club operations

Inventories are carried at the lower of cost and net realisable value. Cost represents purchase cost computed on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value for completed property held for sale. Cost and net realisable values for completed property held for sale are determined as follows:

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including allowance for credit losses (see Note 1(j)(i)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(n) Trade and other payables

Trade and other payables (including interest-free loans from non-controlling shareholders) are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses in accordance with policy set out in Note 1(j)(i).

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with Note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequent to initial recognition, the amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 1(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities

(ii) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sales of properties, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the group's revenue and other income recognition process are as follow:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(s) Revenue and other income *(continued)*

(i) Revenue from contracts with customers *(continued)*

(b) Hotel and club operations

Hotel and club revenue from room rental and club membership income are recognised over time. Revenue from food and beverage sales and other ancillary services are generally recognised at the point in time when the services are rendered. The slot machine income represents proceeds earned from the operation of slot machines at one of the Group's hotels and is recognised at a point in time based on net receipts from the machines.

(c) Management fee income

Management fee income is recognised over time when the services are rendered.

(ii) Revenue from other service and other income

(a) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method.

(c) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(y) Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries and associates) and investment properties, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants*

- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these amendments have had a material impact on the Group's financial results and financial position. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services.

Revenue represents the consideration expected to be received in respect of the transfer of goods and services in accordance with HKFRS 15, Revenue from contracts with customers, except for rental income derived from properties and hotels' shops which is recognised under the scope of HKFRS 16, Leases. Disaggregation of revenue from contracts with customers by nature is as follows:

	2024 HK$'000	2023 HK$'000
Hotel and club operations		
– Rooms	845,927	889,713
– Shops	27,373	29,322
– Food and beverage	269,360	254,396
– Slot machine income	361,795	379,082
– Others	85,810	92,650
	1,590,265	1,645,163
Rental income	90,302	86,229
Management fee income	11,456	6,962
	1,692,023	1,738,354

4 OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

(a) Other revenue

	2024 HK$'000	2023 HK$'000
Interest income	80,186	66,898
Dividend income from listed securities	574	700
Forgiveness of bank loans from Paycheck Protection Program (Note 19(d))	-	58,469
Others	22,805	15,369
	103,565	141,436

(b) Other net (losses)/gains

	2024 HK$'000	2023 HK$'000
Net exchange (losses)/gains	(16,013)	5,617
Net unrealised losses on derivative financial instruments	(6,407)	(4,905)
Net unrealised (losses)/gains on other non-current financial assets	(1,869)	12,793
Net unrealised losses on trading securities	(1,750)	(1,593)
Losses on disposal of property, plant and equipment	(5,819)	(2,157)
Loss on release of exchange reserve upon cessation of a subsidiary's business	(18,114)	–
Others	183	–
	(49,789)	9,755

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2024 HK$'000	2023 HK$'000
(a) Finance costs		
Bank loan interests	83,420	93,286
Discounting effect on loans from non-controlling shareholders	5,573	5,365
Other interest expenses	461	179
	89,454	98,830

	2024 HK$'000	2023 HK$'000
(b) Staff costs (note)		
Salaries, wages and other benefits	621,496	601,827
Contributions to defined contribution retirement plans	12,743	11,082
	634,239	612,909

Note: During the year ended 31 December 2024, staff costs of HK$193,581,000 (2023: HK$193,692,000) are included in "Administrative and other operating expenses".

5 PROFIT BEFORE TAXATION *(Continued)*

Employee benefits

Summary of defined contribution retirement schemes participated by the Group by location is as follows:

Location	**Defined contribution retirement schemes**	**Details of the scheme**
Hong Kong	Mandatory Provident Fund scheme	5% of the employees' relevant income with a ceiling of HK$1,500 per month by both employers and employees
Macau	Social Security Fund	MOP60 by employers and MOP30 by employees on a monthly basis
PRC	Central pension scheme	33.72% (2023: 33.56%) of the employees' salaries cost in accordance with the relevant regulations by employers
Vietnam	Social insurance fund scheme	At a prevailing rate of 21.5% of basic salaries by employers
United States	Voluntary Defined Contribution Program	Between 0% and 50% of the compensation to the plan subject to certain maximum limits on a pre-tax basis by employees and provisions for matching contributions, which are based on a portion of the participants' eligible compensation, by employers
Canada	Canadian Pension Plan	Employers and employees contribute at 4.95% each to an employee's earnings subject to certain maximum limits
Japan	Pension plan	Both employers and employees are required to contribute at 9.1% of the employee's monthly salary

The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions in some countries. During the year ended 31 December 2024, HK$Nil (2023: HK$Nil) of employer's contributions, to which the employees are not entitled and are has been forfeited, can be utilised by the Group during the year. No forfeited contributions available to reduce the future contributions at 31 December 2024 and 2023.

5 PROFIT BEFORE TAXATION *(continued)*

	2024 HK$'000	2023 HK$'000
(c) Other items		
Cost of inventories	155,107	143,465
Auditors' remuneration		
– Audit services	4,613	4,386
– Other services	2,102	2,618
Government rent and rates (note)	48,311	55,198
Rentals income from investment properties less direct outgoings of HK$829,000 (2023: HK$1,030,000)	(29,066)	(32,896)
Rentals income from properties held for sale and other rental income less direct outgoings of HK$1,787,000 (2023: HK$1,479,000)	(58,620)	(50,824)

Note: Government rent and rates are included in "Administrative and other operating expenses".

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 HK$'000	2023 HK$'000
Current tax – Overseas		
Provision for the year (Note 23(a))	90,992	61,024
Under-provision in respect of prior years	282	409
	91,274	61,433
Deferred tax (Note 23(b))		
Origination and reversal of other temporary differences	21,887	(33,412)
	113,161	28,021

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

(a) Taxation in the consolidated statement of profit or loss represents: *(continued)*

Notes:

(i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax losses to set-off against taxable income during the years ended 31 December 2023 and 2024.

(ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(iii) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2023: 20%) for the year ended 31 December 2024.

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2023: 25%) of the estimated taxable profits for the year ended 31 December 2024. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purposes during the years ended 31 December 2024 and 2023.

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 21% (2023: 21%) and 10.62% (2023: 10.87%) respectively determined by income ranges for the year ended 31 December 2024. United States sourced interest income received by foreign entities are subject to withholding tax of 30% (2023: 30%) on all gross income received.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 20.42% (2023: 20.42%) on all gross profit distributions from the subsidiary.

(vii) Provision for Macau Complementary Tax is calculated at 12% (2023: 12%) of the estimated assessable profits for the year ended 31 December 2024. Macau Property Tax is calculated at 8% (2023: 8%) of the assessable rental income in Macau.

(viii) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2023: 26.5%). The retained profits of the Canada subsidiary of the Group are subject to withholding tax at a rate of 5% upon the dividend distribution outside Canada.

(ix) Movement in temporary differences included operating losses and asset impairment (Note 11(b)) recognised as deferred tax assets in respect of hotel operations in the United States.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(continued)

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2024 HK$'000	2023 HK$'000
Profit before taxation	466,616	341,877
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	116,511	53,742
Tax effect of non-deductible expenses	25,758	14,794
Tax effect of non-taxable revenue	(33,736)	(36,140)
Tax effect of unused tax losses not recognised	5,273	3,120
Tax effect of recognition of unused tax losses not recognised in prior years	(5,711)	(7,604)
Under-provision in respect of prior years	282	409
Withholding tax on overseas dividend	5,087	–
Others	(303)	(300)
Actual tax expense	113,161	28,021

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2024 Total HK$'000
Executive directors					
HO Kian Guan	158	1,200	311	–	1,669
HO Kian Hock	109	1,269	317	–	1,695
TSE See Fan Paul	244	–	–	–	244
CHAN Lui Ming Ivan	109	600	144	–	853
HO Chung Hui	85	209	–	–	294
HO Chung Kain (alternate director to HO Chung Hui)	–	600	120	–	720
Non-executive directors					
HO Kian Cheong	85	–	–	–	85
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	–	–	–	–	–
Independent non-executive directors					
KWOK Chi Shun Arthur	275	–	–	–	275
Stephen TAN	305	–	–	–	305
WANG Poey Foon Angela	315	–	–	–	315
YU Hon To David	315	–	–	–	315
	2,000	3,878	892	–	6,770

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2023 Total HK$'000
Executive directors					
HO Kian Guan	168	1,268	208	–	1,644
HO Kian Hock	119	1,268	208	–	1,595
TSE See Fan Paul	254	–	–	–	254
CHAN Lui Ming Ivan	114	422	47	–	583
YU Yuet Chu Evelyn (resigned on 30 April 2023)	26	1,390	97	–	1,513
HO Chung Tao (resigned on 31 March 2023)	80	614	91	5	790
HO Chung Hui	95	16	69	–	180
HO Chung Kain (alternate director to HO Chung Hui)	–	452	69	–	521
Non-executive directors					
HO Kian Cheong	95	–	–	–	95
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	–	–	–	–	–
Independent non-executive directors					
KWOK Chi Shun Arthur	280	–	–	–	280
Stephen TAN	325	–	–	–	325
WANG Poey Foon Angela	325	–	–	–	325
YU Hon To David	325	–	–	–	325
	2,206	5,430	789	5	8,430

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2024 (2023: Nil).

During the years ended 31 December 2024 and 2023, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

During the year ended 31 December 2024, directors waived part of their basic salary with total amount of HK$Nil (2023: HK$139,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, none (2023: none) is a director whose emoluments are disclosed in Note 7.

The aggregate of the emoluments in respect of the five (2023: five) other individuals is as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other emoluments	9,839	10,971
Discretionary bonuses	5,203	2,980
Retirement scheme contributions	176	300
	15,218	14,251

The emoluments of the five (2023: five) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK$1,500,001 – HK$2,000,000	1	–
HK$2,000,001 – HK$2,500,000	2	2
HK$2,500,001 – HK$3,000,000	–	1
HK$3,000,001 – HK$3,500,000	1	1
HK$3,500,001 – HK$4,000,000	–	1
HK$4,000,001 – HK$4,500,000	–	–
HK$4,500,001 – HK$5,000,000	–	–
HK$5,000,001 – HK$5,500,000	–	–
HK$5,500,001 – HK$6,000,000	1	–

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$255,841,000 (2023: HK$219,656,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2024 and 2023.

There are no potential dilutive ordinary shares during the years ended 31 December 2024 and 2023.

10 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. The Group has identified the following three reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

(i) Hotel segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.

(ii) Property segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau and of development, sales and marketing of the Group's trading properties in Macau.

(iii) Investment and corporate segment is primarily engaged in the businesses of management of the Group's corporate assets and liabilities, non-trading and trading securities, financial instruments and other treasury operations.

Segment results, assets and liabilities

Information regarding the Group's reportable segments is provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Segment assets principally comprise all tangible assets, other non-current assets and current assets directly attributable to each segment with the exception of interest in associates.

Segment liabilities include all trade and other payables attributable to the individual segments and other borrowings managed directly by the segments with the exception of bank borrowings.

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(a) Analysis of segment results of the Group

	Revenue HK$'000	Depreciation HK$'000	Gain on disposal of the Hotel Assets HK$'000	Decrease in fair value of investment properties HK$'000	Reversal of impairment loss on a hotel property HK$'000	Finance costs HK$'000	Share of profit/(loss) of associates HK$'000	Income tax (expense)/credit HK$'000	Contribution to profit/(loss) HK$'000
2024									
Hotel	1,584,082	(111,377)	156,237	–	169,922	(87,075)	20,673	(101,634)	350,928
– Vietnam	712,048	(40,504)	–	–	–	–	15,326	(47,309)	203,840
– United States	790,768	(57,736)	–	–	169,922	(83,334)	–	(20,893)	42,775
– The People's Republic of China	37,842	(10,945)	–	–	–	(3,655)	–	–	(17,121)
– Canada	11,143	–	156,237	–	–	(86)	5,347	(33,427)	110,048
– Japan	32,281	(2,192)	–	–	–	–	–	(5)	11,386
Property									
– Macau	105,239	(1,245)	–	(66,700)	–	(426)	–	(341)	28,560
Investment and corporate	2,702	(91)	–	–	–	(1,953)	(3)	(11,186)	(26,033)
Total	1,692,023	(112,713)	156,237	(66,700)	169,922	(89,454)	20,670	(113,161)	353,455

	Revenue HK$'000	Depreciation HK$'000	Gain on disposal of the Hotel Assets HK$'000	Decrease in fair value of investment properties HK$'000	Reversal of impairment loss on a hotel property HK$'000	Finance costs HK$'000	Share of profit/(loss) of associates HK$'000	Income tax (expense)/credit HK$'000	Contribution to profit/(loss) HK$'000
2023									
Hotel	1,639,040	(138,468)	–	–	58,297	(96,803)	32,346	(11,372)	239,851
– Vietnam	716,100	(46,595)	–	–	–	(1,666)	16,433	(42,469)	182,066
– United States	765,533	(70,181)	–	–	58,297	(91,213)	–	31,704	39,227
– The People's Republic of China	45,996	(10,998)	–	–	–	(3,517)	–	–	(7,941)
– Canada	84,964	(7,916)	–	–	–	(407)	15,913	(602)	18,511
– Japan	26,447	(2,778)	–	–	–	–	–	(5)	7,988
Property									
– Macau	96,800	(2,773)	–	(12,500)	–	(179)	–	(6,131)	72,098
Investment and corporate	2,514	(93)	–	–	–	(1,848)	(6)	(10,518)	1,907
Total	1,738,354	(141,334)	–	(12,500)	58,297	(98,830)	32,340	(28,021)	313,856

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2024				
Hotel				
– Vietnam	329,563	46,395	375,958	19,601
– United States	2,681,201	–	2,681,201	120,333
– The People's Republic of China	123,109	–	123,109	14,196
– Canada	27,133	46,308	73,441	–
– Japan	69,882	–	69,882	625
Property				
– Macau	1,915,720	–	1,915,720	1,642
Investment and corporate	511,578	4,120	515,698	–
Total	5,658,186	96,823	5,755,009	156,397

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2023				
Hotel				
– Vietnam	302,102	51,516	353,618	13,405
– United States	2,492,138	–	2,492,138	15,242
– The People's Republic of China	142,212	–	142,212	4,824
– Canada	135,643	42,538	178,181	12,660
– Japan	75,108	–	75,108	13
Property				
– Macau	1,992,185	–	1,992,185	893
Investment and corporate	558,553	4,142	562,695	44
Total	5,697,941	98,196	5,796,137	47,081

Investment and corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the Group treasury function.

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2024			
Hotel			
– Vietnam	167,701	–	167,701
– United States	179,993	1,206,333	1,386,326
– The People's Republic of China	92,876	–	92,876
– Canada	22,687	–	22,687
– Japan	2,952	–	2,952
Property			
– Macau	171,206	–	171,206
Investment and corporate	55,273	–	55,273
Total	692,688	1,206,333	1,899,021

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2023			
Hotel			
– Vietnam	152,203	–	152,203
– United States	172,714	1,375,474	1,548,188
– The People's Republic of China	93,860	–	93,860
– Canada	17,133	–	17,133
– Japan	2,916	–	2,916
Property			
– Macau	187,967	–	187,967
Investment and corporate	54,072	–	54,072
Total	680,865	1,375,474	2,056,339

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND

(a) Reconciliation of carrying amount

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2024	892,900	3,193,624	104,690	851,866	4,150,180	709,643	167,855	877,498	5,920,578
Additions	–	68,752	–	87,645	156,397	–	–	–	156,397
Disposals	–	(10,256)	–	(10,462)	(20,718)	–	–	–	(20,718)
Deficit on revaluation	(66,700)	–	–	–	–	–	–	–	(66,700)
Exchange adjustments	–	(59,585)	(528)	(23,709)	(83,822)	(7,197)	(3,131)	(10,328)	(94,150)
At 31 December 2024	826,200	3,192,535	104,162	905,340	4,202,037	702,446	164,724	867,170	5,895,407
Representing:									
Cost	–	3,192,535	104,162	905,340	4,202,037	702,446	164,724	867,170	5,069,207
Valuation - 2024	826,200	–	–	–	–	–	–	–	826,200
	826,200	3,192,535	104,162	905,340	4,202,037	702,446	164,724	867,170	5,895,407
Accumulated depreciation and impairment:									
At 1 January 2024	–	1,837,873	92,584	788,095	2,718,552	–	99,940	99,940	2,818,492
Charge for the year	–	71,791	537	37,274	109,602	–	3,111	3,111	112,713
Written back on disposals	–	(4,531)	–	(10,191)	(14,722)	–	–	–	(14,722)
Reversal of impairment loss	–	(169,922)	–	–	(169,922)	–	–	–	(169,922)
Exchange adjustments	–	(29,269)	(51)	(22,280)	(51,600)	–	(1,504)	(1,504)	(53,104)
At 31 December 2024	–	1,705,942	93,070	792,898	2,591,910	–	101,547	101,547	2,693,457
Net book value:									
At 31 December 2024	826,200	1,486,593	11,092	112,442	1,610,127	702,446	63,177	765,623	3,201,950

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(a) Reconciliation of carrying amount *(continued)*

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2023	905,400	3,395,880	110,678	897,112	4,403,670	736,194	169,919	906,113	6,215,183
Additions	–	24,853	2,114	20,114	47,081	–	–	–	47,081
Disposals	–	(7,807)	–	(35,997)	(43,804)	–	–	–	(43,804)
Deficit on revaluation	(12,500)	–	–	–	–	–	–	–	(12,500)
Transfer to assets classified as held for sale	–	(198,485)	(7,915)	(21,019)	(227,419)	(23,957)	–	(23,957)	(251,376)
Exchange adjustments	–	(20,817)	(187)	(8,344)	(29,348)	(2,594)	(2,064)	(4,658)	(34,006)
At 31 December 2023	892,900	3,193,624	104,690	851,866	4,150,180	709,643	167,855	877,498	5,920,578
Representing:									
Cost	–	3,193,624	104,690	851,866	4,150,180	709,643	167,855	877,498	5,027,678
Valuation - 2023	892,900	–	–	–	–	–	–	–	892,900
	892,900	3,193,624	104,690	851,866	4,150,180	709,643	167,855	877,498	5,920,578
Accumulated depreciation and impairment:									
At 1 January 2023	–	1,975,535	97,388	789,228	2,862,151	–	97,604	97,604	2,959,755
Charge for the year	–	74,712	2,987	60,284	137,983	–	3,351	3,351	141,334
Written back on disposals	–	(7,046)	–	(34,593)	(41,639)	–	–	–	(41,639)
Reversal of impairment loss	–	(58,297)	–	–	(58,297)	–	–	–	(58,297)
Transfer to assets classified as held for sale	–	(138,302)	(7,827)	(18,258)	(164,387)	–	–	–	(164,387)
Exchange adjustments	–	(8,729)	36	(8,566)	(17,259)	–	(1,015)	(1,015)	(18,274)
At 31 December 2023	–	1,837,873	92,584	788,095	2,718,552	–	99,940	99,940	2,818,492
Net book value:									
At 31 December 2023	892,900	1,355,751	12,106	63,771	1,431,628	709,643	67,915	777,558	3,102,086

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(a) Reconciliation of carrying amount *(continued)*

Notes:

(i) Fair value measurement of investment properties

The investment properties were valued by Jones Lang LaSalle Limited, an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by capitalising the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit rent at the capitalisation rate after the existing lease period.

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13. The significant unobservable inputs were average unit rent per month ranging from HK$14.0 to HK$25.8 (2023: HK$14.0 to HK$25.8) per square foot and capitalisation rate ranging from 3.1% to 5.0% (2023: 3.0% to 4.5%) for the investment properties in Macau. The fair value measurement of the investment properties is positively correlated to the average unit rent per month and negatively correlated to the capitalisation rate.

The Group's senior management reviews the valuations performed by the independent valuers for financial reporting purposes. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the executive directors. Discussion of the valuation process and results are held between the senior management and independent valuer twice a year, to coincide with the Group's interim and annual reporting dates.

(ii) Land use rights were granted to the subsidiaries for their hotel properties in (a) Wuhan, the PRC with a period of 50 years after receiving an approval for extension of 20 years in 2004 in addition to the initial period of 30 years commencing on 21 August 1995, and (b) Ho Chi Minh City, Vietnam with a period of 48 years commencing on 7 May 1994.

(iii) A club house situated in Ocean Gardens is classified under property, plant and equipment.

(iv) During the year ended 31 December 2024, certain subsidiaries of the Group are under renovation projects. As at 31 December 2024, construction in progress with the amount of approximately HK$4,884,000 are recognised under "Furniture, fixtures and equipment".

(b) Reversal of impairment loss on a hotel property

The value of hotel properties is assessed at the end of each reporting period for indications of impairment with reference to valuations undertaken by management. These indications include continuing favourable changes in the local market conditions.

During the year ended 31 December 2024, the operating performance of one of the hotel properties of the Group in the United States, namely the Sofitel New York, significantly improved due to recovery of the hotel market in New York. The Group assessed that the recoverable amount was approximately HK$1,359,498,000. Accordingly, a reversal of impairment loss previously made of HK$169,922,000 was recognised in profit or loss. The estimated recoverable amount of this hotel was determined based on value in use. This calculation uses cash flow projections based on the latest financial budgets approved by management with the assumptions of (i) average room rate of US$441 with long-term growth rate of 3%; (ii) long-term occupancy rates of 88%; and (iii) the use of pre-tax discount rate of 8.5%. These key estimates and assumptions adopted by management are based on past performance and management's expectations for the market development with reference to publicly available market data. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future reporting periods.

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2024 $'000	2023 $'000
Ownership interests in leasehold land held for own use, carried at cost, with remaining lease term of:	(i)		
– between 10 and 50 years		63,177	67,915
Ownership interests in leasehold other property, plant and equipment held for own use, carried at cost, with remaining lease term of:			
– between 10 and 50 years		2,347	2,423
		2,347	2,423
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of:			
– less than 10 years		826,200	892,900
		891,724	963,238

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 $'000	2023 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land	3,111	3,351
Ownership interests in leasehold other property, plant and equipment	76	1,818
	3,187	5,169

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND *(continued)*

(c) Right-of-use assets *(continued)*

(i) Ownership interests in leasehold land held for own use

The Group holds ownership interests in several leasehold lands for its hotel and club operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments required by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(d) Properties leased out under operating leases

The Group leases out hotels' shops and investment properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date, at which time all terms are renegotiated. Lease payments are usually increased every two years to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	59,997	51,272
After 1 year but within 2 years	19,085	27,239
After 2 year but within 3 years	12,799	12,263
After 3 year but within 4 years	7,378	7,079
After 4 year but within 5 years	3,378	3,779
After 5 years	4,516	349
	107,153	101,981

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 INTEREST IN SUBSIDIARIES

The following list contains only particulars of subsidiaries which principally affected the results, assets or liabilities of the Group, all of which are controlled subsidiaries as defined under Note 1(c) and whose results, assets and liabilities have been consolidated into the Group's financial statements. The class of shares held is ordinary unless otherwise stated.

Details of the subsidiaries are as follows:

			Proportion of ownership interest			
Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Golden Crown Development Limited ("Golden Crown")	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and investment
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%*	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited ("Qing Chuan") #	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
KSSF Enterprises Limited	USA	26,000,000 common stock and 35,000,000 series A preferred stock of US$1 each	100%	–	100%	Operation of a hotel
KSSNY, Inc.	USA	26,000,000 common stock and 69,000,000 preferred stock of US$1 each	100%	–	100%	Operation of a hotel
Godo Kaisha TSM 107	Japan	JPY500,000	100%	0.54%	99.46%	Operation of a hotel
Chateau Ottawa Hotel Inc. ("Chateau Ottawa")	Canada	9,000,000 common shares of C$1 each	85%	–	85%	Investment holding

Qing Chuan was established in the PRC as a Sino-foreign equity joint venture in 1995.

* The Group's effective equity interest in OPJV of 64.12% is computed based on the shareholding held by the Company and its subsidiaries.

12 INTEREST IN SUBSIDIARIES *(continued)*

The following table lists out the information relating to Golden Crown and OPJV of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	Golden Crown		OPJV	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
NCI percentage	29.39%	29.39%	45.04%	45.04%
Current assets	720,827	863,467	184,863	116,321
Non-current assets	698,422	748,700	272,730	313,811
Current liabilities	(148,383)	(151,138)	(167,735)	(152,247)
Non-current liabilities	(71,794)	(78,267)	–	–
Net assets	1,199,072	1,382,762	289,858	277,885
Carrying amount of NCI	352,407	406,394	160,156	155,745
Revenue	83,833	74,988	712,048	716,100
Profit for the year	26,309	71,251	187,666	164,801
Total comprehensive income	26,309	71,251	179,260	161,663
Profit allocated to NCI	7,732	20,941	84,525	74,226
Dividend paid to NCI	61,719	14,401	76,328	66,785
Cash flows from operating activities	13,615	37,179	111,253	98,935
Cash flows from investing activities	7,094	(17,356)	15,567	(33,271)
Cash flows from financing activities	(61,740)	11	(70,726)	(7,638)

13 INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	93,187	94,541
Loans to associates	3,636	3,655
	96,823	98,196
Loan from an associate	464	464

Loans to associates are unsecured and recoverable on demand and are not expected to be recovered within one year. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2024 and 2023.

Loan from an associate is unsecured, interest-free and repayable on demand.

13 INTERESTS IN ASSOCIATES *(continued)*

The following list contains the particulars of associates, all of which are unlisted corporate entities, whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activity
KSF Enterprises Sdn Bhd ("KSF")	Incorporated	Malaysia	25%	25%	Investment holding (Note (a))
Porchester Assets Limited ("PAL")	Incorporated	British Virgin Islands	49%	49%	Investment holding (Note (b))

Notes:

(a) KSF holds 100% interest in KSD Enterprises Ltd. ("KSD") which operates Delta Hotels by Marriott Toronto Airport & Conference Centre in Canada.

(b) PAL holds 51% interest in Chains Caravelle Hotel Joint Venture Company Limited ("CCH") which operates the Caravelle Hotel in Vietnam. The Group's effective interest in CCH is 24.99%.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

13 INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	CCH	
	2024	2023
	HK$'000	HK$'000
Gross amounts of the associate		
Current assets	**227,722**	196,216
Non-current assets	**154,673**	179,796
Current liabilities	**(111,829)**	(73,039)
Non-current liabilities	**(15,211)**	(39,022)
Equity	**255,355**	263,951
Revenue	**513,411**	457,513
Profit for the year	**74,632**	75,082
Total comprehensive income	**74,632**	75,082
Dividend received/receivable from the associate	**20,448**	19,492
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**255,355**	263,951
Group's effective interest	**24.99%**	24.99%
Carrying amount in the consolidated financial statements	**63,813**	65,961

Aggregate information of associates that are not individually material:

	2024	2023
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**29,374**	28,580
Aggregated amounts of the Group's share of those associates'		
Profit for the year	**2,019**	13,577
Other comprehensive income	**(1,577)**	(542)
Total comprehensive income	**442**	13,035

14 OTHER NON-CURRENT FINANCIAL ASSETS

	Note	2024 HK$'000	2023 HK$'000
Equity securities designated at FVOCI (non–recycling)			
– Listed outside Hong Kong		3,409	3,342
Financial assets measured at FVPL			
– Unlisted securities	(i)	123,104	134,021
		126,513	137,363

Notes:

(i) At 31 December 2024, the Group owned 8.10% (2023: 8.10%) interest of A2I Holdings S.A.R.L.. A2I Holdings S.A.R.L. is a private limited liability company incorporated in Luxembourg which owns 6.52% (2023: 6.75%) equity shares of AccorInvest Group S.A..

15 TRADING SECURITIES

	2024 HK$'000	2023 HK$'000
Equity securities listed outside Hong Kong, at market value	8,811	10,561

16 PROPERTIES HELD FOR SALE

The title and lease term of the properties held for sale by the Group is summarised as follows:

	2024 HK$'000	2023 HK$'000
Outside Hong Kong		
– freehold	8,599	8,599
– short term lease	270,274	270,274
	278,873	278,873

The rental income from properties held for sale is set out in Note 5(c).

16 PROPERTIES HELD FOR SALE *(continued)*

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	39,387	27,699
After 1 year but within 2 years	17,908	11,077
After 2 year but within 3 years	5,297	3,564
After 3 year but within 4 years	2,545	2,348
After 4 year but within 5 years	5	2,312
After 5 years	-	5
	65,142	47,005

17 TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	32,517	39,375
Other receivables, deposits and prepayments	56,059	57,063
	88,576	96,438

The Group's credit policy is set out in Note 26(a).

	2024 HK$'000	2023 HK$'000
Amounts expected to be recoverable:		
– within one year	87,877	95,734
– after one year	699	704
	88,576	96,438

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 TRADE AND OTHER RECEIVABLES (continued)

Included in trade and other receivables are trade receivables (net of loss allowance) with the following ageing analysis (by invoice date) as of the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Within 1 month	28,869	30,414
1 to 3 months	3,175	6,439
More than 3 months	473	2,522
	32,517	39,375

89% of trade receivables at 31 December 2024 (2023: 77%) were neither past due nor more than one month past due.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The general credit terms allowed range from 0 to 30 days. Trade customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2024 and 2023.

18 DEPOSITS AND CASH

(a) Deposits and cash:

	2024 HK$'000	2023 HK$'000
Deposits with banks and other financial institutions	1,315,317	1,314,073
Cash at bank and on hand	208,339	197,625
	1,523,656	1,511,698

18 DEPOSITS AND CASH *(continued)*

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 HK$'000	2023 HK$'000
Profit before taxation		466,616	341,877
Adjustments for:			
Net decrease in fair value of investment properties	11(a)	66,700	12,500
Depreciation	11(a)	112,713	141,334
Interest income	4(a)	(80,186)	(66,898)
Dividend income from listed securities	4(a)	(574)	(700)
Forgiveness of bank loans	4(a)	–	(58,469)
Net unrealised losses on derivative financial instruments	4(b)	6,407	4,905
Net unrealised losses/(gains) on other non-current financial assets	4(b)	1,869	(12,793)
Net unrealised losses on trading securities	4(b)	1,750	1,593
Losses on disposal of property, plant and equipment	4(b)	5,819	2,157
Finance costs	5(a)	89,454	98,830
Reversal of impairment loss on a hotel property	11(b)	(169,922)	(58,297)
Gain on disposal of hotel assets	25	(156,237)	–
Release of exchange reserve upon cessation of a subsidiary's business		18,114	–
Share of net profits of associates		(20,670)	(32,340)
Foreign exchange differences		(3,759)	(3,881)
Operating profit before changes in working capital		338,094	369,818
Decrease in inventories		751	40
Decrease/(increase) in trade and other receivables		9,226	(22,140)
(Decrease)/increase in trade and other payables		(17,502)	40,588
Cash generated from operations		330,569	388,306

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank loans and other borrowings HK$'000 (Note (i))	Accrued interest HK$'000 (Note (ii))	Total HK$'000
At 1 January 2024	1,488,917	8,425	1,497,342
Changes from financing cash flows:			
Repayment of bank loans	(162,540)	–	(162,540)
Repayment of loan from non-controlling shareholder	(4,009)	–	(4,009)
Interest paid	–	(86,325)	(86,325)
Total changes from financing cash flows	(166,549)	(86,325)	(252,874)
Exchange adjustments	(8,857)	(2)	(8,859)
Other changes:			
Interest expenses (Note 5(a))	5,573	83,881	89,454
Total other changes	5,573	83,881	89,454
At 31 December 2024	1,319,084	5,979	1,325,063

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities: *(continued)*

	Bank loans and other borrowings HK$'000 (Note (i))	Accrued interest HK$'000 (Note (ii))	Total HK$'000
At 1 January 2023	1,550,778	6,584	1,557,362
Changes from financing cash flows:			
Repayment of bank loans	(1,546)	–	(1,546)
Interest paid	–	(91,617)	(91,617)
Total changes from financing cash flows	(1,546)	(91,617)	(93,163)
Exchange adjustments	(1,319)	(7)	(1,326)
Other changes:			
Capital contribution from non-controlling shareholders	(5,892)	–	(5,892)
Forgiveness of bank loans (Note 4(a))	(58,469)	–	(58,469)
Interest expenses (Note 5(a))	5,365	93,465	98,830
Total other changes	(58,996)	93,465	34,469
At 31 December 2023	1,488,917	8,425	1,497,342

Note:

(i) Bank loans and other borrowings consist of loan from an associate, bank loans and loans from non-controlling shareholders as disclosed in Notes 13, 19 and 22.

(ii) Accrued interest is included in "Payables and accruals" as disclosed in Note 20.

19 BANK LOANS

(a) At 31 December 2024, the bank loans were repayable as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year or on demand	317,384	319,391
After 1 year but within 2 years	888,949	6,701
After 2 year but within 5 years	–	1,049,382
	888,949	1,056,083
	1,206,333	1,375,474

At 31 December 2024, the bank loans were secured and unsecured as follows:

	2024 HK$'000	2023 HK$'000
Bank loans		
– Secured (Note 19(b))	1,196,287	1,358,870
– Unsecured	10,046	16,604
	1,206,333	1,375,474

At 31 December 2024, except for the loans received by two of the Group's subsidiaries amounting to HK$10,046,000 (2023: HK$16,604,000) which bear fixed interest rates, all other bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 31 December 2024, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) Properties held for sale with a carrying value of HK$64,366,000 (2023: HK$64,366,000); and

(ii) Hotel properties, including land, of the Group with aggregate carrying value of HK$2,056,344,000 (2023: HK$1,835,269,000).

Such banking facilities amounted to HK$1,281,287,000 (2023: HK$1,443,870,000) and were utilised to the extent of HK$1,196,287,000 as at 31 December 2024 (2023: HK$1,358,870,000).

19 BANK LOANS *(continued)*

(c) Except for the loans received by two of the Group's subsidiaries amounting to HK$10,046,000 (2023: HK$16,604,000), all of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, depositing or prepaying the shortfall balance will be required. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 26(b).

Certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group has obtained waivers from the banks to waive the testing of the covenant prior to the end of the reporting periods of 2024 and 2023, respectively, and the waivers to exempt those covenants testing covered a period of twelve months from 31 December 2024 and 2023, respectively.

(d) During the year ended 31 December 2023, the Group obtained bank loans forgiveness of US$7,466,000 (approximately HK$58,469,000) under the Paycheck Protection Program administered by the United States Government.

20 TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	119,354	128,462
Payables and accruals	141,844	148,114
Deposits and receipts in advance	176,391	177,038
	437,589	453,614

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	84,933	74,880
1 to 3 months	28,283	50,131
More than 3 months	6,138	3,451
	119,354	128,462

All of the payables and accruals are expected to be settled within one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 DEFERRED REVENUE

Deferred revenue represents amounts received in advance under service contracts. The amounts expected to be recognised as income after more than one year are included under non-current liabilities.

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 December 2024, loans from non-controlling shareholders of subsidiaries for amounts of HK$34,890,000 (2023: HK$33,126,000) and HK$77,397,000 (2023: HK$75,698,000) were unsecured, interest-free and repayable on 30 April 2026 and 30 April 2025 respectively. At 31 December 2023, loans from non-controlling shareholders amounting to HK$4,155,000 were unsecured, interest-bearing on prime lending rate and repayable on demand.

The amount of HK$34,890,000 (31 December 2023: HK$108,824,000) are classified as non-current liabilities as at 31 December 2024.

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	2024 HK$'000	2023 HK$'000
Provision for overseas tax for the year	90,992	61,024
Provisional tax paid	(51,629)	(35,487)
	39,363	25,537
Balance of overseas tax payable/(receivables) relating to prior years	17,877	(7,026)
	57,240	18,511
Taxation recoverable	(419)	(2,600)
Taxation payable	57,659	21,111
	57,240	18,511

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Depreciation allowance in excess of the related depreciation and others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2023	91,931	(259,443)	(284)	(164,701)	(332,497)
(Credited)/charged to profit or loss (Note 6(a))	(1,500)	(41,865)	–	9,953	(33,412)
Exchange difference	–	204	–	(199)	5
At 31 December 2023 and 1 January 2024	90,431	(301,104)	(284)	(154,947)	(365,904)
(Credited)/charged to profit or loss (Note 6(a))	(7,853)	(36,732)	–	66,472	21,887
Exchange difference	–	1,777	–	978	2,755
At 31 December 2024	82,578	(336,059)	(284)	(87,497)	(341,262)

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

Deferred tax assets and liabilities recognised:

	2024 HK$'000	2023 HK$'000
Net deferred tax assets recognised in the statement of financial position	(423,556)	(455,818)
Net deferred tax liabilities recognised in the statement of financial position	82,294	89,914
	(341,262)	(365,904)

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2024 HK$'000	2023 HK$'000
Future benefit of tax losses	13,665	11,954

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2024 and 2023. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from Macau and PRC operations expire in three years and five years respectively after the relevant accounting year end date.

24 CAPITAL, DIVIDENDS AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company

	Share capital HK$'000	Exchange reserve HK$'000	Fair value reserve (non–recycling) HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2023	498,305	736	2,980	1,482,608	1,984,629
Changes in equity for 2023:					
Profit for the year	–	–	–	43,289	43,289
Other comprehensive income	–	–	(229)	–	(229)
Total comprehensive income for the year	–	–	(229)	43,289	43,060
Dividends approved in respect of the previous year (Note (b))	–	–	–	(17,010)	(17,010)
Dividends declared in respect of the current year (Note (b))	–	–	–	(10,206)	(10,206)
Balance at 31 December 2023 and 1 January 2024	498,305	736	2,751	1,498,681	2,000,473
Changes in equity for 2024:					
Profit for the year	–	–	–	87,719	87,719
Other comprehensive income	–	–	67	–	67
Total comprehensive income for the year	–	–	67	87,719	87,786
Dividends approved in respect of the previous year (Note (b))	–	–	–	(27,216)	(27,216)
Dividends declared in respect of the current year (Note (b))	–	–	–	(17,010)	(17,010)
Balance at 31 December 2024	498,305	736	2,818	1,542,174	2,044,033

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 HK$'000	2023 HK$'000
Interim dividend declared and paid of HK$0.05 (2023: HK$0.03) per ordinary share	17,010	10,206
Final dividend proposed after the end of the reporting period of HK$0.07 (2023: HK$0.08)	23,814	27,216
	40,824	37,422

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 HK$'000	2023 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.08 (2023: HK$0.05) per ordinary share	27,216	17,010

(c) Share capital

	2024		2023	
	No. of shares '000	Amount HK$'000	No. of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	340,200	498,305	340,200	498,305

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(d) Nature and purpose of reserves

(i) Legal reserve

The legal reserve is non-distributable and represents transfer from annual profits up to a maximum of 50 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 1(t).

(iii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 1(e)).

(e) Distributability of reserves

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$1,542,174,000 (2023: HK$1,498,681,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, the Group defines net debt as total bank borrowings less deposits and cash (including pledged deposits). Adjusted capital comprises all components of equity less unaccrued proposed dividends.

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

The adjusted net debt-to-equity ratio of the Group at the end of the reporting period is as follows:

	Note	2024 HK$'000	2023 HK$'000
Bank loans	19	1,206,333	1,375,474
Less: Deposits and cash	18	(1,523,656)	(1,511,698)
Adjusted net cash		(317,323)	(136,224)
Total equity		3,855,988	3,739,798
Less: Proposed dividends		(23,814)	(27,216)
Adjusted capital		3,832,174	3,712,582
Adjusted net debt-to-equity ratio		N/A	N/A

Except for covenants relating to certain of the banking facilities of the subsidiaries of the Group as disclosed in Note 19, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

25 ASSETS CLASSIFIED AS HELD FOR SALE

On 6 October 2023, Chateau Ottawa Hotel Inc. (the "Vendor"), an indirect non-wholly owned subsidiary of the Group entered into an agreement with an independent third party (the "Purchaser"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, its interest in the hotel assets mainly comprise Sheraton Ottawa Hotel in Canada ("the Hotel Assets") at the consideration of CAD43,200,000 (equivalent to approximately HK$246,685,000). The disposal was completed on 29 February 2024 with a gain on disposal of approximately CAD27,157,000 (equivalent to approximately HK$156,237,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25 ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

At 31 December 2023, the Group classified the Hotel Assets as held for sale, as follows

	2023 HK$'000
Property, plant and equipment and land	88,283
Inventories	308
Other receivables	906
	89,497

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Substantially all the Group's cash and cash equivalents are deposited with financial institutions in Hong Kong, Macau, the PRC, Singapore, the United States, Japan, Canada and Vietnam that are of high-credit quality to minimise credit risk exposure.

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 to 30 days. Trade customers with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks (including loan to associates) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,206,333	1,306,414	374,855	931,559	–
Trade and other payables	320,893	320,893	320,893	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	112,287	116,238	78,630	37,608	–
At 31 December 2024	1,639,977	1,744,009	774,842	969,167	–

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,375,474	1,615,075	91,764	91,388	1,431,923
Trade and other payables	387,608	387,608	387,608	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	112,979	123,690	5,279	80,638	37,773
At 31 December 2023	1,876,525	2,126,837	485,115	172,026	1,469,696

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk

The Group is exposed to currency risk primarily through deposits and cash that are denominated in a currency other than the functional currency of the operations to which they relate. As the Hong Kong dollar ("HKD") is pegged to United States dollar ("USD"), the Group does not expect any significant movements in the USD/HKD exchange rate. The currencies giving rise to currency risk are primarily denominated in Singapore dollars.

(i) Exposure to currency risk

The following table details the Group's significant exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

2024

	Exposure to foreign currency SGD HK$'000
Deposits and cash	**2,232**
Net exposure arising from recognised assets and liabilities at 31 December 2024	**2,232**

2023

	Exposure to foreign currency SGD HK$'000
Deposits and cash	3,365
Net exposure arising from recognised assets and liabilities at 31 December 2023	3,365

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise from foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HKD and USD would not be materially affected by any changes in movement in value of USD against other currencies. Other components of equity would not be affected by changes in the foreign exchange rates.

	2024			2023		
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax HK$'000	Effect on retained profits HK$'000	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax HK$'000	Effect on retained profits HK$'000
Singapore Dollars	10	223	223	10	337	337
	(10)	(223)	(223)	(10)	(337)	(337)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk

(i) The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings and income-earning financial assets. The following table indicates their effective interest rates at the end of the reporting period and the periods in which they reprice or the maturity dates, if earlier.

		2024		2023	
	Fixed/ floating	Effective interest rate	Amount HK$'000	Effective interest rate	Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	5.86% – 6.71%	1,196,287	5.40% – 6.70%	1,358,870
Bank loans	Fixed	1.00%	10,046	1.00%	16,604
			1,206,333		1,375,474
Income-earning financial assets					
Cash at bank and on hand	Floating	0.00% – 5.00%	208,339	0.00% – 5.00%	197,625
Time deposits	Fixed	0.20% – 5.88%	1,315,317	0.38% – 6.72%	1,314,073
			1,523,656		1,511,698

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's results and retained profits by HK$10,182,000 (2023: HK$11,907,000) and HK$11,345,000 (2023: HK$13,005,000) respectively. Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2023.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading (Note 14) and trading purposes (Note 15). They have been selected taking reference to their longer term growth potential and are monitored regularly for performance.

At 31 December 2024, it is estimated that an (decrease)/increase of 5% (2023: 5%) in the relevant stock market index (for listed investments), the price/earning ratios of comparable listed companies (for unquoted investments) or the Company's own share price (for the conversion option of certain convertible bonds) as applicable, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2024			2023		
	%	Effect on results for the year and retained profits HK$'000	Effect on other components of equity HK$'000	%	Effect on results for the year and retained profits HK$'000	Effect on other components of equity HK$'000
Change in the relevant equity price risk variable:						
Increase	5	441	170	5	528	167
Decrease	(5)	(441)	(170)	(5)	(528)	(167)

The analysis is performed on the same basis for 2023.

(f) Fair value measurement

(i) Financial assets and liabilities carried at fair value

The Group's listed securities are measured using market quoted price and therefore fall within the Level 1 fair value hierarchy as defined in HKFRS 13. All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy. The unlisted securities carried at fair value are categorised as falling under Level 3 of the fair value hierarchy.

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The Group's derivative financial instrument of currency swap is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current exchange rates and the current creditworthiness of the swap counterparties. This derivative financial instrument falls within the Level 2 fair value hierarchy as defined in HKFRS 13.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) Fair value measurement *(continued)*

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Unlisted securities	Adjusted net asset value	Underlying assets' value	N/A
		Discount for marketability	25% to 30% (2023: 25% to 30%)

The fair value of unlisted securities is determined using adjusted net asset value, which is positively correlated to the underlying assets' values and negatively correlated to the discount for marketability. The following table indicates instantaneous changes in the Group's result if there is an increase/decrease in these two significant unobservable inputs, assuming all other variables remain constant.

Significant unobservable inputs	Increase/ (decrease) in significant unobservable inputs %	2024 Increase/ (decrease) on the Group's profit HK$'000	2023 Increase/ (decrease) on the Group's profit HK$'000
Underlying assets' value	5	6,155	6,701
	(5)	(6,155)	(6,701)
Discount for marketability	1	(1,813)	(1,906)
	(1)	1,813	1,906

The movements during the years in the balance of Level 3 fair value measurements are as follows:

	2024 HK$'000	2023 HK$'000
Financial assets measured at FVPL:		
– Unlisted securities:		
At 1 January	134,021	117,040
Capital contribution	–	553
Changes in fair value recognised in profit or loss	(1,869)	12,792
Unrealised exchange (loss)/gain	(9,048)	3,636
At 31 December	123,104	134,021

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) Fair value measurement *(continued)*

(iv) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 31 December 2024.

27 COMMITMENTS

At 31 December 2024, capital commitments outstanding not provided for in the financial statements were as follows:

	2024 HK$'000	2023 HK$'000
Contracted for	52,607	8,944
Authorised but not contracted for	464,764	46,567
	517,371	55,511

28 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions, which were on commercial terms, with Mr Ho Kian Cheong ("KC Ho"), Goodland Limited ("Goodland"), Kansas Holdings Limited ("Kansas") and KSC Enterprises Limited ("KSC").

KC Ho is a non-executive director and a substantial shareholder of the Company at 31 December 2024 and 2023. Goodland holds 28% of the equity interest in the Company at 31 December 2024 and 2023. Kansas holds 30% of the equity interest in the Company at 31 December 2024 and 2023. KSC is the fellow subsidiary of Kansas and Goodland. Mr Ho Kian Guan and Mr Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland, Kansas and KSC and are also directors of Goodland and Kansas. They are deemed to be interested in the following transactions.

28 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

			For the year ended 31 December	
		Note	2024 HK$'000	2023 HK$'000
(a)	**Transactions with Goodland**			
	Rental income receivable	(i)	520	520
	Management fee payable	(ii)	1,968	1,968
(b)	**Balances with Goodland**			
	Amount due to Goodland	(iv)	134	163
(c)	**Balances with KC Ho**			
	Loan from KC Ho	(iii)	12,525	12,122
	Amount due to KC Ho	(iii)	592	604
(d)	**Balances with Kansas**			
	Loan from Kansas	(iii)	51,704	50,042
	Amount due to Kansas	(iii)	1,543	2,681
(e)	**Balances with KSC**			
	Loan from KSC	(iii)	–	4,155

Notes:

(i) A subsidiary of the Company rented certain of its properties to Goodland and received rental income.

(ii) Certain subsidiaries of the Company paid management fees to Goodland.

(iii) At 31 December 2024, loans from KC Ho of HK$9,805,000 (2023: HK$9,540,000) and HK$2,720,000 (2023: HK$2,582,000) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2026 (2023: repayable on 30 April 2025 and 30 April 2026), respectively. Amount due to KC Ho of HK$592,000 (2023: HK$604,000) was interest-free, unsecured and repayable on demand.

At 31 December 2024, loan from Kansas of HK$40,476,000 (2023: HK$39,382,000) and HK$11,228,000 (2023: HK$10,660,000) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2026 (2023: repayable on 30 April 2025 and 30 April 2026), respectively. Amount due to Kansas of HK$1,543,000 (2023: HK$2,681,000) which was interest-free, unsecured and repayable on demand.

At 31 December 2023, loan from KSC of HK$4,155,000 was unsecured, interest-bearing on prime lending rate and repayable on demand.

Loans from KC Ho, Kansas and KSC are included in loans from non-controlling shareholders (Note 22). Amount due to KC Ho and Kansas are included in trade and other payable.

28 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Notes: *(continued)*

(iv) At 31 December 2024, trade and other payables included amount due to Goodland of HK$134,000 (2023: HK$163,000) comprising:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$75,000 (2023: HK$97,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$59,000 (2023: HK$66,000).

The balances are unsecured and repayable on demand.

The related party transactions above constitute connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Related Party Transactions" of the directors' report.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 26 contains information about the assumptions and their risk factors relating to financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary income potential. The assumptions adopted in the property valuation are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

(ii) Impairment of assets

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its 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 time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iii) Fair value of unlisted securities

The Group adopts the adjusted net asset value approach to assess the fair value of unlisted securities annually after taking into consideration the underlying assets' value and discount for marketability.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group has temporarily leased out certain properties held for sale but does not consider these properties to be investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified as properties held for sale.

30 CONTINGENT LIABILITIES

(i) At 31 December 2024, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau Special Administrative Region Government in respect of properties held for sale amounted to HK$8,252,000 (2023: HK$8,252,000).

At 31 December 2024, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

(ii) The Company has undertaken to provide financial support to one of its subsidiaries in order to enable it to continue to operate as a going concern.

(iii) The Company has undertaken to provide guarantee to banks in respect of bank loans granted to two of its subsidiaries.

31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		2,391	2,481
Interest in subsidiaries		2,335,299	2,131,068
Interest in associates		31,773	31,773
Other non-current financial assets		126,513	137,363
		2,495,976	2,302,685
Current assets			
Trading securities		8,811	10,561
Properties held for sale		10,727	10,727
Trade and other receivables		13,306	3,202
Deposits and cash		258,424	239,857
		291,268	264,347
Current liabilities			
Trade and other payables		7,667	7,853
Taxation payable		1,705	1,020
		9,372	8,873
Net current assets		281,896	255,474
Total assets less current liabilities		2,777,872	2,558,159
Non-current liability			
Amounts due to subsidiaries		733,839	557,686
NET ASSETS		2,044,033	2,000,473
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		1,545,728	1,502,168
TOTAL EQUITY		2,044,033	2,000,473

Approved and authorised for issue by the board of directors on 24 March 2025.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

32 ULTIMATE CONTROLLING PARTY

As 31 December 2024, Kansas and Goodland hold 30% and 28% respectively of the equity interest in the Company. The directors consider the ultimate controlling party of the Group to be KS Ocean Inc., which is incorporated in Republic of Liberia. This entity does not produce financial statements available for the public use.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Consolidated statement of profit or loss					
Revenue	1,692,023	1,738,354	1,429,488	482,878	665,709
Profit/(loss) before share of profits less losses of associates	445,946	309,537	115,752	(230,448)	(742,429)
Share of results of associates	20,670	32,340	14,071	(11,628)	(15,347)
Profit/(loss) before taxation	466,616	341,877	129,823	(242,076)	(757,776)
Income tax	(113,161)	(28,021)	(5,624)	57,872	211,815
Profit/(loss) for the year	353,455	313,856	124,199	(184,204)	(545,961)
Attributable to:					
Equity shareholders of the Company	255,841	219,656	76,302	(194,724)	(562,586)
Non-controlling interests	97,614	94,200	47,897	10,520	16,625
	353,455	313,856	124,199	(184,204)	(545,961)
Consolidated statement of financial position					
Investment properties, property, plant and equipment and land	3,201,950	3,102,086	3,255,428	3,421,797	3,537,291
Interest in associates	96,823	98,196	85,891	84,645	105,825
Other non-current assets	550,069	601,657	557,594	496,697	436,035
Current assets	1,906,167	1,994,198	1,736,983	1,575,885	1,675,375
	5,755,009	5,796,137	5,635,896	5,579,024	5,754,526
Share capital	498,305	498,305	498,305	498,305	498,305
Reserves	2,808,826	2,620,075	2,438,494	2,409,335	2,603,168
Non-controlling interests	548,857	621,418	615,847	629,047	633,796
Non-current liabilities	1,008,528	1,257,604	244,050	1,322,060	947,083
Current liabilities	890,493	798,735	1,839,200	720,277	1,072,174
	5,755,009	5,796,137	5,635,896	5,579,024	5,754,526
Other data					
Basic earnings/(loss) per share (cents)	75.2	64.6	22.4	(57.2)	(165.4)
Dividends per share (cents)	12.0	11.0	5.0	4.0	N/A
Dividend cover (times)	6.3	5.9	4.5	N/A	N/A

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2024

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Car parks	206	N/A	Short lease
Properties classified as hotel properties					
Delta Hotels by Marriott Toronto Airport & Conference Centre Toronto, Canada	25%	Hotel	433	447,380	Freehold
Caravelle Saigon Hotel Ho Chi Minh City, Vietnam	24.99%	Hotel	335	388,458	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	305	296,288	Medium lease
Sheraton Saigon Grand Opera Hotel Ho Chi Minh City, Vietnam	64.12%	Hotel	485	742,156	Medium lease
W Hotel San Francisco San Francisco, United States	100%	Hotel	411	292,168	Freehold
Sofitel New York New York, United States	100%	Hotel	398	294,000	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	100%	Hotel	179	41,720	Freehold

SCHEDULE OF PRINCIPAL PROPERTIES (continued)

At 31 December 2024

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as properties held for sale					
Ocean Industrial Centre Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	23	85,261	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Ocean Gardens, Macau	70.61%	Car parks	743	N/A	Short lease
Keck Seng Industrial Building Avenida de Venceslau de Morais, Macau	100%	Car parks	3	N/A	Short lease

SUSTAINABILITY EFFORTS AND AWARDS IN 2024
二零二四年可持續發展工作及獎項

Our Properties
我們集團的物業

Sheraton Saigon Grand Opera Hotel, Vietnam (formerly known as Sheraton Saigon Hotel & Tower)
越南胡志明市西貢大劇院喜來登酒店（前稱西貢喜來登酒店）

Caravelle Saigon Hotel, Vietnam
越南胡志明市帆船酒店

Holiday Inn Wuhan Riverside, China
中國武漢晴川假日酒店

Best Western Hotel Fino Osaka Shinsaibashi, Japan
日本大阪心齋橋西佳酒店

SUSTAINABILITY EFFORTS AND AWARDS IN 2024
二零二四年可持續發展工作及獎項

Our Properties *(continued)*
我們集團的物業*(續)*

Delta Hotels by Marriott Toronto Airport & Conference Centre, Canada
加拿大多倫多機場會議中心德爾塔萬豪酒店

Sofitel New York, USA
美國紐約索菲特酒店

W Hotel San Francisco, USA
美國三藩市W酒店

SUSTAINABILITY EFFORTS AND AWARDS IN 2024
二零二四年可持續發展工作及獎項

Our Properties *(continued)*
我們集團的物業 *(續)*

Ocean Gardens, Macau
澳門海洋花園

Ocean Club, Macau
澳門海洋會所

Ocean Tower, Macau
澳門海洋大廈

Plaza Oceano, Macau
澳門海洋廣場

SUSTAINABILITY EFFORTS AND AWARDS IN 2024
二零二四年可持續發展工作及獎項

Sheraton Saigon Grand Opera Hotel, Vietnam
越南胡志明市西貢大劇院喜來登酒店

Ben Thanh Market Park Clean-Up
清潔濱城市場

WISH UPON THE STAR
Christmas Tree Lighting Day with Thu Duc Youth Village
對星許願
與守德少年村共度聖誕樹點燈日

Caravelle Saigon Hotel, Vietnam
越南胡志明市帆船酒店

Blood Donation Events
捐血活動

Flavors Awards 2024
風味大獎2024

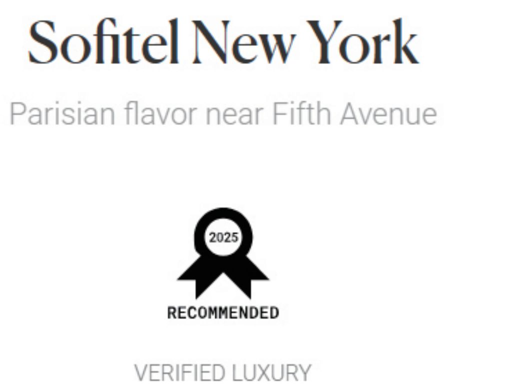
SUSTAINABILITY EFFORTS AND AWARDS IN 2024 (continued)
二零二四年可持續發展工作及獎項（續）

Holiday Inn Wuhan Riverside, China
中國武漢晴川假日酒店

Clean the river beach
清潔河堤

CTRIP 2024 Scenic Hotel Ranking
携程武漢美景酒店榜

Sofitel New York, USA
美國紐約索菲特酒店



2024 Forbes Travel Guide Recommended Award
2024福布斯旅遊指南推薦獎

2024 AAA Four Diamond Award
2024 AAA四星鑽石獎

Leadership in Energy and Environmental Design (LEED) Platinum certification
能源與環境設計領導（LEED）鉑金認證

Delta Hotels by Marriott Toronto Airport, Canada
加拿大多倫多機場會議中心德爾塔萬豪酒店

Bake Sale for SickKids Foundation
為病童籌款

Food Bank: Food Donations
食物銀行－食物捐贈